

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
FEBRUARY 22, 2017
APPLICATION SUMMARY**

NAME OF PROJECT: Woodridge of West Tennessee

PROJECT NUMBER: CN1610-037

ADDRESS: 49 Old Hickory Blvd
Jackson (Madison County), TN 38305

LEGAL OWNER: Woodridge of West Tennessee, LLC
162 Cude Lane
Madison (Davidson County), TN 37115

OPERATING ENTITY: N/A

CONTACT PERSON: Cecelia Hunt
(615-860-9230)

DATE FILED: October, 14 2016

PROJECT COST: \$1,335,250

FINANCING: Revolving Line of Credit

REASON FOR FILING: Addition of 16 child and adolescent psychiatric beds to an existing licensed mental health hospital

DESCRIPTION:

Woodridge of West Tennessee, LLC is seeking approval for the addition of 16 child and adolescent psychiatric beds to its existing mental health hospital, Oak Hills Behavioral Center. The facility currently consists of 16 geriatric inpatient beds. It is co-located with Madison Oaks, a residential treatment facility for adolescents with behavioral disorders. The target population for the additional beds is children of both genders, ages 5-17, with the capability for the rare admission of a child younger than 5. The proposed project will accept voluntary and/or involuntary admissions. If approved, the applicant plans to initiate service in October 2017.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Psychiatric Inpatient Services

Standards and Criteria

1. Determination of Need: The population-based estimate of the total need for psychiatric inpatient services is a guideline of 30 beds per 100,000 general population, using population estimates prepared by the TDH and applying the applicable data in the Joint Annual Report (JAR). These estimates represent gross bed need and shall be adjusted by subtracting the existing applicable staffed beds including certified beds in outstanding CONs operating in the area as counted by the TDH in the JAR. For adult programs, the age group of 18-64 years shall be used in calculating the estimated total number of beds needed; additionally, if an applicant proposes a geriatric psychiatric unit, the age range 65+ shall be used. For child inpatients, the age group is 12 and under, and if the program is for adolescents, the age group of 13-17 shall be used. The HSDA may take into consideration data provided by the applicant justifying the need for additional beds that would exceed the guideline of 30 beds per 100,000 general population. Special consideration may be given to applicants seeking to serve child, adolescent, and geriatric inpatients. Applicants may demonstrate limited access to services for these specific age groups that supports exceeding the guideline of 30 beds per 100,000 general population. An applicant seeking to exceed this guideline shall utilize TDH and TDMHSAS data to justify this projected need and support the request by addressing the factors listed under the criteria "Additional Factors".

	Population 2020		Gross Need Pop. X (30 beds/100,000)		Current licensed beds		Net Need	
	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17
Proposed Service Area	77,802	34,284	23.3	10.3	0	0	23.3	10.3

According to the TDMHSAS Report, there are no licensed beds in the proposed service area for ages 0-12 and 13-17. The psychiatric bed formula indicates a 2020 net psychiatric bed need of 23.3 for ages 0-12 and 10.3 beds for ages 13-17. Overall, the combined net psychiatric bed need for ages 0-17 is 33.60.

The applicant is proposing a 16 bed psychiatric pediatric unit targeting children and adolescents from the ages 5-17. When considering adolescents ages 0-17, it appears that this criterion has been met.

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2. Additional Factors: An applicant shall address the following factors:

- a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

The applicant will accept emergency and non-emergency indefinite admissions.

It appears that this criterion has been met.

- b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

The applicant does not anticipate significant amounts of charity or indigent care for the project because the project will serve pediatric patients, the vast majority of whom are insured by TennCare or commercial insurance.

It appears that this criterion has been met.

- c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

The applicant will not have any beds designated as "specialty beds".

It appears that this criterion has not been met.

- d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

The applicant plans to offer psychiatric intensive outpatient program (IOP) services at some point in the future. However, partial hospitalization services will not be offered as part of a continuum of care by the applicant.

It appears that this criterion has not been met.

- e. Psychiatric units for patients with intellectual disabilities;

While the applicant will not provide a specific unit for patients with intellectual disabilities (ID) it will admit patients with ID on a case by case basis, depending upon the hospital's ability to meet the patient's needs.

Since a specific unit is not designated it would appear the application does not meet this

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criterion. However, services will be provided.

f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;

The applicant has a transfer agreement with Jackson-Madison County General Hospital, which is located less than 2 miles from the applicant's facility.

It appears that this criterion has been met.

g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

The applicant will accept involuntary admissions and patients with a dual diagnosis.

It appears that this criterion has been met.

h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

The applicant will focus on short stay acute patients diagnosed with a psychiatric condition with an average length of stay of 5 days.

i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

Not applicable to the proposed service area.

j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.

The proposed service area does not have a pediatric crisis stabilization unit.

It appears that this criterion has been met.

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3. Incidence and Prevalence: The applicant shall provide information on the rate of incidence and prevalence of mental illness and substance use within the proposed service area in comparison to the statewide rate. Data from the TDMHSAS or the Substance Abuse and Mental Health Services Administration (SAMHSA) shall be utilized to determine the rate. This comparison may be used by the HSDA staff in review of the application as verification of need in the proposed service area.

The applicant indicates data from the Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) indicates the incidence of a major depressive episode for children ages 12-17 in the proposed service area is in line with rates statewide.

It appears that this criterion has been met.

4. Planning Horizon: The applicant shall predict the need for psychiatric inpatient beds for the proposed first two years of operation.

The applicant provided the following need prediction for Year One (2018) and Year Two (2019) of the proposed project.

Year	Beds	Patient Days	ADC	% Occupancy
Year 1	16	2,920	8.0	50%
Year 2	16	4,380	12.0	75%

Source: CN1610-036, Supplemental #1 Page 8

It appears that this criterion has been met.

5. Establishment of Service Area: The geographic service area shall be reasonable and based on an optimal balance between population density and service proximity of the applicant. The socio-demographics of the service area and the projected population to receive services shall be considered. The proposal's sensitivity and responsiveness to the special needs of the service area shall be considered, including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, other medically underserved populations, and those who need services involuntarily. The applicant may also include information on patient origination and geography and transportation lines that may inform the determination of need for additional services in the region.

The applicant provided a table on page 7 of supplemental #1 that details patient origination by county. None of the proposed service area is greater than 90 minutes from the applicant's location.

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It appears that this criterion has been met.

6. Composition of Services: Inpatient hospital services that provide only substance use services shall be considered separately from psychiatric services in a CON application; inpatient hospital services that address co-occurring substance use/mental health needs shall be considered collectively with psychiatric services. Providers shall also take into account concerns of special populations (including, e.g., supervision of adolescents, specialized geriatric, and patients with comorbid medical conditions).

The composition of population served, mix of populations, and charity care are often affected by status of insurance, TennCare, Medicare, or TriCare; additionally, some facilities are eligible for Disproportionate Share Hospital payments based on the amount of charity care provided, while others are not. Such considerations may also result in a prescribed length of stay.

The applicant will admit patients with a dual diagnosis of mental health and substance abuse.

7. Patient Age Categorization: Patients should generally be categorized as children (0-12), adolescents (13-17), adults (18-64), or geriatrics (65+). While an adult inpatient psychiatric service can appropriately serve adults of any age, an applicant shall indicate if they plan to only serve a portion of the adult population so that the determination of need may be based on that age-limited population. Applicants shall be clear regarding the age range they intend to serve; given the small number of hospitals who serve younger children (12 and under), special consideration shall be given to applicants serving this age group. Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

The applicant will serve children and adolescents ages 5-17 with the capability to serve patients less than 5 years of age.

It appears that this criterion has been met.

8. Services to High-Need Populations: Special consideration shall be given to applicants providing services fulfilling the unique needs and requirements of certain high-need populations, including patients who are involuntarily committed, uninsured, or low-income.

The applicant will accept involuntary admissions. The applicant does not anticipate significant amounts of charity or indigent care for the project because the project all serve pediatric patients, the vast majority of whom are insured by TennCare or commercial

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insurance.

It appears that this criterion has been met.

9. Relationship to Existing Applicable Plans; Underserved Area and Populations: The proposal's relationships to underserved geographic areas and underserved population groups shall also be a significant consideration. The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered. The degree of projected financial participation in the Medicare and TennCare programs shall be considered.

Relationship to Existing Similar Services in the Area: The proposal shall discuss what similar services are available in the service area and the trends in occupancy and utilization of those services. This discussion shall also include how the applicant's services may differ from existing services (e.g., specialized treatment of an age-limited group, acceptance of involuntary admissions, and differentiation by payor mix). Accessibility to specific special need groups shall also be discussed in the application.

The applicant will accept involuntary admissions. There are no pediatric inpatient psychiatric beds in the proposed service area. Western Mental Health Institute located in Bolivar (Hardeman County), TN does not accept pediatric patients.

It appears that this criterion has been met.

10. Expansion of Established Facility: Applicants seeking to add beds to an existing facility shall provide documentation detailing the sustainability of the existing facility. This documentation shall include financials, and utilization rates. A facility seeking approval for expansion should have maintained an occupancy rate for all licensed beds of at least 80 percent for the previous year. The HSDA may take into consideration evidence provided by the applicant supporting the need for the expansion or addition of services without the applicant meeting the 80 percent threshold. Additionally, the applicant shall provide evidence that the existing facility was built and operates, in terms of plans, service area, and populations served, in accordance with the original project proposal.

The applicant currently operates a 16 bed geriatric psychiatric unit at the mental health hospital. This unit opened in April 2015. The applicant reported utilization for the first 8 months of 2016. Annualized the projected volume was 2,775 patient days or 47.5%. Even though this occupancy doesn't meet the 80% standard, after having three years to ramp up, the applicant expects to have attained 75% occupancy for the geri-psychiatric unit by 2018. The

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proposed project is for a different population group, children and adolescents Ages 0-17. With no other child and adolescent psychiatric beds in the service area the applicant expects the proposed unit to attain 75% occupancy by 2018.

11. Licensure and Quality Considerations: Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LBGT population).

The applicant is accredited by the Joint Commission. Patients will receive culturally competent services.

It appears that this criterion has been met.

12. Institution for Mental Disease Classification: It shall also be taken into consideration whether the facility is or will be classified as an Institution for Mental Disease (IMD). The criteria and formula involve not just the total number of beds, but the average daily census (ADC) of the inpatient psychiatric beds in relation to the ADC of the facility. When a facility is classified as an IMD, the cost of patient care for Bureau of TennCare enrollees aged 21-64 will be reimbursed using 100 percent state funds, with no matching federal funds provided; consequently, this potential impact shall be addressed in any CON application for inpatient psychiatric beds.

The applicant will not be designated as an IMD since the applicant will not be serving TennCare enrollees ages 21-64.

Not applicable to this application.

13. Continuum of Care: Free standing inpatient psychiatric facilities typically provide only basic acute medical care following admission. This practice has been reinforced by Tenn. Code Ann. § 33-4-104, which requires treatment at a hospital or by a physician for a physical disorder prior to admission if the disorder requires immediate medical care and the admitting facility cannot appropriately provide the medical care. It is

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essential, whether prior to admission or during admission that a process be in place to provide for or to allow referral for appropriate and adequate medical care. However, it is not effective, appropriate, or efficient to provide the complete array of medical services in an inpatient psychiatric setting.

If needed, patients will be referred to Jackson-Madison County General Hospital Center if medical treatment is required.

It appears that this criterion has been met.

14. Data Usage: The TDH and the TDMHSAS data on the current supply and utilization of licensed and CON-approved psychiatric inpatient beds shall be the data sources employed hereunder, unless otherwise noted. The TDMHSAS and the TDH Division of Health Licensure and Regulation have data on the current number of licensed beds. The applicable TDH JAR provides data on the number of beds in operation. Applicants should utilize data from both sources in order to provide an accurate bed inventory.

There are no licensed or CON approved pediatric psychiatric beds in the proposed service area.

It appears that this criterion has been met.

15. Adequate Staffing: An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

However, when considering applications for expansions of existing facilities, the HSDA may determine whether the existing facility's staff would continue without significant change and thus would be sufficient to meet this standard without a demonstration of efforts to recruit new staff.

The project will require 23.6 direct patient care FTEs. A staffing table is located on page 33

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of the application.

It appears that this criterion has been met.

16. Community Linkage Plan: The applicant shall describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/ services and working agreements with other related community services assuring continuity of care (e.g., agreements between freestanding psychiatric facilities and acute care hospitals, linkages with providers of outpatient, intensive outpatient, and/ or partial hospitalization services). If they are provided, letters from providers (e.g., physicians, mobile crisis teams, and/or managed care organizations) in support of an application shall detail specific instances of unmet need for psychiatric inpatient services. The applicant is encouraged to include primary prevention initiatives in the community linkage plan that would address risk factors leading to the increased likelihood of Inpatient Psychiatric Bed usage.

The applicant has a community linkage plan which links patients to the appropriate available resource upon discharge.

It appears that this criterion has been met.

17. Access: The applicant must demonstrate an ability and willingness to serve equally all of the patients related to the application of the service area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed service area.

There are no licensed or CON approved pediatric psychiatric beds in the proposed service area.

It appears that this criterion has been met.

18. Quality Control and Monitoring: The applicant shall identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system. An applicant that owns or administers other psychiatric facilities shall provide information on their surveys and their quality improvement programs at those facilities, whether they are located in Tennessee or not.

The applicant is Joint Commission accredited. A copy of the applicant's Joint Commission full survey dated 6/8/2015-6/10/2015 is included in Supplemental

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#1.

It appears that this criterion has been met.

19. Data Requirements: Applicants shall agree to provide the TDH, the TDMHSAS, and/ or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide all reasonably requested information.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italic.

Application Synopsis

Woodridge of West Tennessee, LLC, proposes to establish a 16-bed child and adolescent mental health unit in a wing on the 1st floor of their existing mental health hospital located on its 8.67 acre campus. Since September of 2007, the applicant has operated Madison Oaks Academy, a 73 licensed bed adolescent residential treatment center located on the second floor of the same facility. The applicant was approved at the January 22, 2014 Agency meeting for the establishment of a new sixteen bed geriatric mental health hospital. The project involved renovation of 7,000 square feet wing on the 1st floor of a 109,549 SF building that formerly housed the Regional Hospital of Jackson. The applicant's proposed 16 bed psychiatric pediatric inpatient wing will occupy one of the remaining three 1st floor hospital wings.

Future plans for the Madison Oaks/Oak Hills campus may include expansion of the geriatric unit, the addition of an acute adult psychiatric service, and an acute detox and chemical dependency treatment unit.

****Note to Agency Members: If approved, Woodridge of West Tennessee, LLC would not be designated as an Institution of Mental Diseases. The IMD***

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designation only applies to institutions that provide services to persons ages 21-64. The applicant proposes to treat patients from the ages 0-17. The federal matching funds exclusion was narrowed in 1972 when an exception was established for individuals under age 21. An Institution for Mental Diseases (IMD) is currently defined as "a hospital, nursing facility or other institution of more than 16-beds that is primarily engaged in providing diagnosis, treatment or care of persons with mental diseases, including medical attention, nursing care and related services" (42 C.F.R. §435.1010). Federal Medicaid funding is not available to, or for the benefit of, Medicaid beneficiaries living in facilities that have been determined to be IMDs. The state must cover 100% of funding. In 1988, Congress defined an IMD as a facility with more than 16 beds. While the Affordable Care Act will expand mental health coverage, it does not eliminate the IMD exclusion.

Need

The applicant provides the following justification in the application:

- The proposed 16 county service area has no available acute psychiatric inpatient care for children and adolescents ages 0-17.
- The State Health Plan psychiatric bed formula indicates a net psychiatric bed need of 23.3 for ages 0-12 and 10.3 beds for ages 13-17. Overall, the combined net psychiatric bed need for ages 0-17 is 33.60.
- Currently pediatric patients must travel between 90 and 130 miles from Jackson to either Memphis or Nashville for inpatient psychiatric care.
- A psychiatric pediatric inpatient unit in the proposed service area will provide greater access of family and therapy involvement.

Ownership

The ownership structure for the applicant is as follows:

- Woodridge of West Tennessee, LLC is a Tennessee registered wholly owned subsidiary of Woodridge Behavioral Care, LLC formed August 6, 2013 based near Nashville, TN.
- The ultimate parent company of Woodridge Behavioral Care, LLC is REP Perimeter Holdings, LLC.
- Woodridge currently has a total of 262 licensed beds for children in its residential treatment center, acute care hospital, and group homes located in Tennessee, Missouri, and Arkansas.
- An organizational chart is located in Attachment Section A.3.A. (2).

Facility Information

- The proposed sixteen bed pediatric unit will occupy an 8,818 square foot wing on the 56,066 sq. ft. first floor.

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- The proposed secured 16 bed pediatric psychiatric unit will include two seclusion rooms, seven semi-private patient rooms, two private patient rooms, one visitor/consult room, one quiet room, two group rooms, two offices, one intake/ office, an exam room, and a reception area.
- The Woodridge facility is a 109,549 SF two story plus basement building located on 8.67 acres originally built as a general medical hospital (formerly the Regional Hospital of Jackson) approximately 35-40 years ago.
- A letter dated October 3, 2016 C. Ross Architecture LLC, states the construction project will be designed and built to all applicable State licensing and Federal Regulations.
- A plot plan is located in Attachment Section A-6B-(1).
- Please refer to the floor plan in Attachment A-.6.B (2) for additional information.

Service Area Demographics

Woodridge of West Tennessee's declared primary service area is Benton, Carroll, Chester, Crockett, Dyer, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, Madison, McNairy, Obion, and Weakley Counties.

Total Population

- The total population of the service area is estimated at 510,944 residents in calendar year 2016 increasing by approximately 1.5% to 518,468 residents in CY 2020.
- The total population of the state of Tennessee is expected to grow 4.3% during the same timeframe.
- The latest 2016 percentage of the Tennessee proposed service area population enrolled in the TennCare program is approximately 28%, as compared to the statewide enrollment proportion of 22.8%.

0-17 Population

- The total 0-17 population is estimated at 113,107 residents in 2016 decreasing approximately -0.01% to 112,086 residents in 2020.
- The age 0-17 population in the State of Tennessee overall is expected to increase 14.9% during the same timeframe.

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics.

Service Area Historical Utilization

- According to the TDMHSAS Report, there are no licensed beds in the proposed service area for ages 0-17.

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Applicant Historical and Projected Utilization

Historical Utilization

- Since this is an application for a new psychiatric unit for ages 0-17, there is no historical utilization for ages 0-17 for the applicant.

However, Woodridge of West Tennessee, LLC's 16 bed geriatric unit (CN1308-035A) approved at the January 22, 2014 Agency meeting reflects the following utilization from April 2015 through December 2016.

Woodridge of West Tennessee, LLC Geriatric Unit Utilization April 2015-December 2016

Year	Beds	Patient Days	ADC	% Occupancy
2015 (April-Dec)	16	1,283	4.66	29.15%
2016 (Annualized)	16	2,775	7.6	47.5%

Source: CN1610-037, Page 20

Note to Agency members: In Woodridge of West Tennessee, LLC CN1308-035A the applicant projected 2,373 geriatric patient days in Year 2. As reflected above, the actual Year Two (2016) patient days of 2,775 days outpaced the projected utilization of 2,373 days by 16.9%.

Applicant Psychiatric Unit Projected Utilization

The applicant's overall projected utilization for the inpatient child and adolescent psychiatric unit is presented in the following table.

Woodridge of West Tennessee, LLC Ages 0-17 Projected Utilization

Year	Beds	Patient Days	ADC	% Occupancy
Year 1	16	2,920	8.0	50%
Year 2	16	4,380	12	75%

Source: CN1610-036, Table B-Need-6, Page 36

Projected utilization for ages 0-12 and 13-17 in Year One and Year Two is presented in the following table.

**Woodridge of West Tennessee, LLC Projected Inpatient
Utilization Ages 0-12 and Ages 13-17**

Variable	2019	2020
Ages 0-12 Psych Licensed Beds	4	4
Ages 0-12 Psych. Admissions	160	240
Ages 0-12 Psych. Pat. Days	720	1080
Ages 0-12 Psych ALOS	4.5	4.5
Ages 0-12 Psych ADC	1.97	2.96
Ages 0-12 % Lic. Occ.	49%	74%
Ages 13-17 Psych Licensed Beds	12	12
Ages 13-17 Psych. Admissions	396	396
Ages 13-17 Psych. Pat. Days	2200	3300
Ages 13-17 Psych ALOS	5.5	5.5
Ages 13-17 Psych ADC	6.03	9.04
Ages 13-17 % Lic. Occ.	50%	75%

Source: CN1610-037 Supplemental #1, Page 8.

Project Cost

Major costs are:

- Construction Cost + Contingency- \$1,202,250, or 90% of cost.
- Architectural and Engineering Fees- \$83,000, or 6.2% of the total cost.
- For other details on Project Cost, see the Project Cost on page 22 in the original application.
- The renovation cost is \$125.00 per square foot (/SF). As reflected in the table below, the renovation cost is below the first quartile cost of \$160.66/sq. ft. of statewide hospital new construction projects from 2013 to 2015.

**Statewide Hospital Construction Cost per Square Foot
2013-2015**

	Renovated Construction	New Construction	Total Construction
1st Quartile	\$160.66/ sq. ft.	\$244.85/ sq. ft.	\$196.62/ sq. ft.
Median	\$223.91/ sq. ft.	\$308.43/ sq. ft.	\$249.67/ sq. ft.
3rd Quartile	\$297.82/ sq. ft.	\$374.32/ sq. ft.	\$330.50/ sq. ft.

Source: HSDA Applicant's Toolbox

Financing

An October 12, 2016 letter from Rod Laughlin, confirms that Woodridge of West Tennessee, LLC has the necessary financial resources to fund the proposed project.

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A letter from Joshua Gracia, Assistant Vice President of BMO Sponsor Finance (Bank of Montreal), located in Chicago, Illinois confirms Woodridge of West Tennessee, LLC has \$1,320,250 in revolving credit to fund the proposed project.

Woodridge Behavioral Care, LLC's audited financial statements for the period ending December 31, 2015 indicates \$3,066,390 in cash and cash equivalents, total current assets of \$3,591,191, total current liabilities of \$3,398,681, and a current ratio of 1.06:1.

Note to Agency members: Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Historical Data Chart

- Since this is an application for a new psychiatric unit for ages 0-17, a historical data chart specific to the proposed service is not available.
- Woodridge of West Tennessee, LLC provided a Historical Data Chart for its 16 bed licensed geriatric unit approved at the January 2014 Agency meeting.
- According to the Historical Data Chart, Woodridge of West Tennessee, LLC experienced a negative net balance (net operating income – annual capital expenditure) of (\$2,617,331) for 2015 (April-Dec); and a positive net balance of \$89,368 for 2016 through August 31.

Projected Data Chart

The applicant projects \$2,920,000.00 in total gross revenue on 2,920 patient days during the first year of operation and \$4,380,000 on 4,380 days in Year Two (approximately \$1,000 per day) on the 16 C/A psychiatric beds. The Projected Data Chart reflects the following:

- The net balance (Net operating income less capital expenditures) for the proposed project will equal (\$1,221,215) in Year One increasing to \$329,923 in Year Two.
- Net operating revenue after contractual adjustments is expected to reach \$2,211,900 or approximately 50.5% of total gross revenue in Year Two.
- The applicant does not anticipate significant amounts of charity or indigent care because the project will serve pediatric patients, the vast majority of whom are insured by TennCare or commercial insurance.
- The net balance for the total facility (geriatric psychiatric unit and pediatric psychiatric unit combined) will be (\$585,316) in Year One increasing to \$1,302,394 in Year Two.

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Charges

In Year One of the proposed project (16 beds), the average charges are as follows:

- The proposed average gross charge is \$1,000/day in 2018.
- The average deduction is \$475/day, producing an average net charge of \$525/day.

Payor Mix

- Medicare- Since this project will target patients 0-17, there are no Medicare charges.
- TennCare-Charges will equal \$1,752,000 in Year One representing 60.0% of total gross revenue.
- Commercial/Managed Care will equal \$1,168,000 in Year One representing 40.0% of total gross revenue

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS**Licensure**

- Woodridge of West Tennessee, LLC is currently licensed by the Tennessee Department of Mental Health and Substance Abuse Services.
- If approved, Woodridge of West Tennessee, LLC's inpatient child and adolescent psychiatric service will be licensed by the Tennessee Department of Mental Health and Substance Abuse Services.
- A copy of the most recent survey conducted on February 9, 2016 by the Department of Mental Health and Substance Abuse Services of Woodridge of West Tennessee, LLC dba Oak Hills Behavioral Center is included in the application.

Certification

- The applicant will not seek certification from Medicare.

Accreditation

- The applicant is accredited by The Joint Commission. A copy of Woodridge of West Tennessee LLC's Joint Commission survey conducted June 8, 2015 through June 10, 2015 is located in Supplemental #1.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE**Agreements**

- The applicant has a transfer agreement with Jackson-Madison County General Hospital.

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- Jackson-Madison County General Hospital is located less than 2 miles from the applicant's facility.
- The applicant has contractual relationships with the TennCare MCOs in the service area including AmeriGroup, BlueCare, and United Healthcare.
- The applicant plans to contract with TennCare Select.

Impact on Existing Providers

- The applicant states the proposal will not have any negative impact on other providers since there are no adolescent and non-geriatric programs in the proposed service area.

Staffing

The applicant's Year One proposed direct patient care staffing includes the following:

- 4.2 Registered Nurses, and
- 15.4 Mental Health Techs, and
- 1.0 FTE Recreational Therapists, and
- 1.5 FTE Therapists, and
- 0.5 Tutors, and
- 1.0 Transport
- **23.6 FTE Total**

Note to Agency members: In supplemental #1, the applicant stated board certified psychiatrists are available, with the applicant actively recruiting a psychiatrist with a specialty in child psychiatry.

The applicant has submitted the required information on corporate documentation and title and deeds. Staff will have a copy of these documents available for member reference at the meeting. Copies are also available for review at the Health Services and Development Agency's office.

Should the Agency vote to approve this project, the CON would expire in three years.

Woodridge of West Tennessee, LLC

CN1610-037

February 22, 2017

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CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER FACILITIES IN THE SERVICE AREA:

There are no Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME
(02/13/2017)

LETTER OF INTENT



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Jackson Sun, which is a newspaper of general circulation in Madison, Tennessee, on or before October 10, 2016 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1801 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Woodridge of West Tennessee, LLC mental health hospital
(Name of Applicant) (Facility Type-Existing)
owned by: Woodridge Behavioral Care, LLC with an ownership type of limited liability company
and to be managed by: itself intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the addition of 16 beds to serve pediatric patients. The project's address is 49 Old Hickory Blvd., Jackson, TN 38305. The project will occupy 8,818 square feet of renovated space, which is currently unused. The estimated project cost is \$1,335,250.

The anticipated date of filing the application is: October 15, 2016
The contact person for this project is Cecelia Hunt Executive Vice President of Operations
(Contact Name) (Title)
who may be reached at: Woodridge Behavioral Care, LLC 162 Cude Lane
(Company Name) (Address)
Madison TN 37115 615 860-9228
(City) (State) (Zip Code) (Area Code / Phone Number)
Cecelia Hunt 10/10/2016 ceceliah@woodridgecare.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1807(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

HF51 (Revised 01/09/2013 - all forms prior to this date are obsolete)

COPY

Woodridge of West
Tennessee, LLC

CN1610-037

Woodridge of West Tennessee, LLC

Addition of 16 beds to Oak Hills Behavioral Center

Certificate of Need Application

October 14, 2016



State of Tennessee 25

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

Woodridge of West Tennessee, LLC

Name

49 Old Hickory Blvd.

Street or Route

Madison

County

Jackson

City

TN

State

38305

Zip Code

Website address: www.woodridgecare.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Cecelia Hunt

Name

Executive Vice-President of Operations

Title

Woodridge Behavioral Care

Company Name

ceceliah@woodridgecare.com

Email address

162 Cude Lane

Street or Route

Madison

City

TN

State

37115

Zip Code

employee

Association with Owner

615-860-9230

Phone Number

615-860-9228

Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment**

A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

The applicant, Woodridge of West Tennessee, LLC ("WWT"), is seeking to expand its existing mental health hospital in order to serve children and adolescents. WWT is a wholly-owned subsidiary of Woodridge Behavioral Care, LLC ("Woodridge") headquartered in Madison, Tennessee. Woodridge is a behavioral health care provider bringing a broad range of integrated services to the communities it serves. Woodridge has residential treatment centers, group homes, and an acute care hospital for children and adolescents in Jackson, TN, West Memphis, AR, Forrest City, AR, and Waynesville, MO. Woodridge has a total of 262 licensed beds for children in its residential treatment centers, acute care hospital, and group homes. Woodridge's psychiatric treatment centers and hospitals offer treatment of children and adolescents having difficulty with psychiatric, behavioral and emotional issues, and co-occurring disorders.

Woodridge currently owns and operates Madison Oaks Academy and Oak Hills Behavioral Center ("Oak Hills") in Jackson. The facilities are on the same campus, which was formerly an acute care hospital. The proposed project will be in a currently unused wing of the same building. Madison Oaks is a residential treatment center for adolescents with behavioral disorders. The first adolescent resident was admitted in September of 2007 and the center began with programming that provided comprehensive treatment services to females, ages 12 to 18 years. As the need grew, sections of the building were remodeled to accept male adolescent patients. Today, Madison Oaks has 73 licensed beds with adequate space for new development. Oak Hills is an inpatient psychiatric hospital with 16 beds serving geriatric patients. Oak Hills received a Certificate of Need in 2013 and admitted its first patient in April of 2015. WWT proposes to add 16 beds to Oak Hills to serve pediatric psychiatric patients and their families who currently have to travel to Nashville or Memphis for care. This 90-130 mile travel distance is an unacceptable hardship and burden on the patient and on the families and caregivers of this very fragile population. Currently, an acute mental health patient has to be transported for over an hour and a half in their most vulnerable and delicate state, either in a parents' care or by EMS or police. When EMS or police provide the transportation, those emergency personnel can be out of service for several hours.

The Madison Oaks/Oak Hills building is a former hospital and is large enough to accommodate the full continuum of care of psychiatric services beyond the programs currently in place. The adolescent residential program occupies the second level of the building, and the geriatric psychiatric unit occupies one nursing unit on the first floor of the building, leaving 3 unoccupied nursing units on the first floor for future

development. WWT proposes to add a child and adolescent psychiatric unit ("Pediatric Unit") in one of the 3 available nursing units to address the needs of the pediatric population in the Jackson, Tennessee market area. WWT will renovate approximately 8,800 square feet of space to meet current standards.

Jackson and the surrounding counties have no inpatient pediatric psychiatric programs. The nearest units are in Shelby and Davidson Counties – at Saint Francis Hospital, Lakeside Behavioral Health System, Crestwyn Behavioral Health, Vanderbilt Psychiatric Hospital, and TriStar Skyline Medical Center Madison Campus. The population of the service area is over 510,000. More than 110,000 of these residents are under the age of 18. This project would add to the existing community resources and allow children and adolescents needing psychiatric care to receive the full continuum of care closer to home and closer to their natural support system and family. Research consistently shows that family involvement in treatment leads to better treatment outcomes. The proposed project supports family involvement by bringing the treatment location closer to the patients' homes. Providing services closer to patients' homes is particularly important in this service area which is poorer than the state average, making travel to Memphis or Nashville especially burdensome for families. With the proposed project, Woodridge is trying to eliminate barriers to care for some of the state's most vulnerable patients – disadvantaged children with mental health problems.

The typical support services and hotel services needed to operate a Pediatric Unit are already available within the facility supporting the adolescent residential units. Local physicians and acute care hospitals are immediately available to Oak Hills for unexpected medical needs of patients.

Future plans for the Madison Oaks/Oak Hills campus may include expansion of the geriatric acute unit, the addition of an acute adult psychiatric service, and an acute detox and chemical dependency treatment unit. WWT plans to add outpatient services to the geriatric program in late 2016 or early 2017. After WWT began treating the geriatric population it became clear that only one aspect of treatment was not sufficient. The organization quickly identified the need for a broader continuum of care. The outpatient program will be designed to support patients in their recovery, either after an acute hospitalization or in an attempt to avoid an acute hospitalization episode.

2) Ownership structure;

Please see Attachment A.3.A.(2).

3) Service area;

The service area includes Madison, Benton, Carroll, Chester, Crockett, Dyer, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Lake, McNairy, Obion, and Weakley Counties.

4) Existing similar service providers;

There are no existing providers of acute, inpatient pediatric psychiatric services in the service area. The nearest providers are in Shelby and Davidson Counties.

- 1) Project cost;

The Project cost is \$1,335,250.

- 2) Funding;

The Project will be funded by a revolving line of credit with Bank of Montreal.

- 3) Financial Feasibility including when the proposal will realize a positive financial margin; and

The Project is financially feasible. Because the project only involves renovation of existing hospital space, construction costs will be minimal. All patients will be pediatric patients; therefore, all will have the ability to pay for services, either through TennCare or commercial insurance. The project will have a profitable run rate by the end of 2017 and will realize a positive financial margin in year 2 (2018).

- 4) Staffing.

A total of 28.1 FTEs will be required to operate the Pediatric Unit, including 23.6 clinical FTEs and 4.5 non-clinical FTEs.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

- 1) Need;

The Project is needed. There are no pediatric psychiatric inpatient units in the service area. Patients currently have to travel between 90 and 130 miles from Jackson to either Memphis or Nashville for inpatient care. (The time and distance can be significantly greater for patients in the more rural counties.) This is particularly detrimental for pediatric patients for whom family support and therapy are essential. The population of the service area is poorer than the state average. Families simply cannot afford to miss work and pay for travel to Memphis or Nashville.

- 2) Economic Feasibility;

The project will be funded via a revolving line of credit and is projected to be profitable in year 2. Construction costs are minimal because the facility will be renovated.

- 3) Appropriate Quality Standards; and

The project will meet or exceed all quality of care standards. The existing geriatric psychiatric unit is Joint Commission accredited, and the pediatric unit will likewise be

accredited by the Joint Commission.²⁴ Woodridge strives to provide the highest level of care to each patient and family served – implementing research and evidence-based treatment programs to provide the best possible outcome. Woodridge brings significant experience with child and adolescent psychiatric care to this project.

- 4) Orderly Development to adequate and effective health care.

This project will contribute to the orderly development of adequate and effective health care. There are no providers of acute pediatric psychiatric services in the service area. Patients are currently traveling a minimum of 90 miles for services.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

30

A. <u>Woodridge of West Tennessee, LLC</u>		<u>615-860-9230</u>
Name		Phone Number
<u>162 Cude Lane</u>		<u>Davidson</u>
Street or Route		County
<u>Madison</u>	<u>TN</u>	<u>37115</u>
City	State	Zip Code

A. Sole Proprietorship	_____	F. Government (State of TN or Political Subdivision)	_____
B. Partnership	_____	G. Joint Venture	_____
C. Limited Partnership	_____	H. Limited Liability Company	<u> X </u>
D. Corporation (For Profit)	_____	I. Other (Specify)_____	_____
E. Corporation (Not-for-Profit)	_____		

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

N/A

Name _____

Street or Route _____ County _____

City _____ State _____ Zip Code _____

Website address: _____

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. **Attachment Section A-5.**

6A. Legal Interest in the Site of the Institution (31) Check One

- | | | | |
|-------------------------------------|-------------------|--------------------|-------------------|
| A. Ownership | <u> X </u> | D. Option to Lease | <u> </u> |
| B. Option to Purchase | <u> </u> | E. Other (Specify) | <u> </u> |
| C. Lease of <u> </u> Years | <u> </u> | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

A copy of the deed is attached as Attachment A.6.A.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

- 1) Plot Plan **must include**:
 - a. Size of site (*in acres*);
 - b. Location of structure on the site;
 - c. Location of the proposed construction/renovation; and
 - d. Names of streets, roads or highway that cross or border the site.
- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.
- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Oak Hills is located in the central Jackson area. It is next to two major highways (45 and 412) and Interstate 40. Bus transportation is available throughout Jackson. See Attachment 6B-3.

Attachments A.6.B.(1), A.6.B.(2), and A.6.B.(3).

7. **Type of Institution** (Check as appropriate--³²more than one response may apply)

- | | |
|--|---|
| A. Hospital (Specify) _____ | H Nursing Home _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | I. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | J. Rehabilitation Facility _____ |
| D. Home Health Agency _____ | K. Residential Hospice _____ |
| E. Hospice _____ | L. Nonresidential Substitution-Based Treatment Center for _____ |
| F. Mental Health Hospital <u>X</u> _____ | Opiate Addiction _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ | M. Other (Specify) _____ |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) – more than one response may apply)

- | | |
|--|---|
| A. New Institution _____ | F. Change in Bed Complement <u>X</u> _____ |
| B. Modifying an ASTC with limitation still required per CON _____ | [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] |
| C. Addition of MRI Unit _____ | |
| D. Pediatric MRI _____ | |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) _____ | G. Satellite Emergency Dept. _____ |
| | H. Change of Location _____ |
| | I. Other (Specify) _____ |

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply]

X AmeriGroup X United Healthcare Community Plan X BlueCare _____TennCare Select

Medicare Provider Number 444023

Medicaid Provider Number 210599125

Certification Type hospital

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare __Yes __No __N/A Medicaid/TennCare __Yes __No __N/A

10. Bed Complement Data

33

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric	16	16				16
9) Child/Adolescent Psychiatric	0	0	16			16
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL	16	16	16			32

*Beds approved but not yet in service

**Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. *The applicant proposes to add 16 beds. This addition will not affect any existing services because the space is currently unused.*

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below. N/A

<u>CON Number(s)</u>	<u>CON Expiration Date</u>	<u>Total Licensed Beds Approved</u>
N/A		

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mauzy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Child and Adolescent Dept.	NA	NA	NA	NW Wing of 1 st floor	8818	0	8818
Unit/Department GSF Sub-Total					8818	0	8818
Other GSF Total					0	0	0
Total GSF					8818	0	8818
*Total Cost					\$1,102,250.00	0	\$1,102,250.00
**Cost Per Square Foot					\$125		\$125
Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)					<input checked="" type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile	<input checked="" type="checkbox"/> Below 1 st Quartile <input type="checkbox"/> Between 1 st and 2 nd Quartile <input type="checkbox"/> Between 2 nd and 3 rd Quartile <input type="checkbox"/> Above 3 rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

	(Sunday through Saturday)	(example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations		
(Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

- E. Identify the clinical applications to be provided that apply to the project.
- F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate “Not Applicable (NA).”***

QUESTIONS

NEED

1. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency’s website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.
 - a. Need. *The total child and adolescent population of the service area is 113,107. There are no existing child or adolescent psychiatric beds in the service area; therefore, there is a need for 34 beds (30 beds per 100,000 children and adolescents). The applicant proposes to add 16 beds.*
 - b. Service Area. *The service area is reasonable and corresponds to the service area for the applicant's existing geriatric psychiatric unit. The proposed service area encompasses much of west Tennessee, which is, generally, more rural and poorer than other parts of Tennessee.*
 - c. Relationship to Existing Applicable Plans. *The proposed service fits into the existing State Health Plan by providing services to a population that currently has to travel significant distances to receive services. The proposed child and adolescent psychiatric unit will not have an impact on any state-funded programs because Tennessee’s mental health institutes do not serve children or adolescents. The proposed unit will provide acute services and will accept involuntary admissions. Because the proposed unit will serve only children and adolescents, it will participate in TennCare but not in Medicare. The*

geriatric unit participates in Medicare. The applicant will contract with all three TennCare MCOs in the service area.

- d. Relationship to Existing Similar Services in the Area. There are no inpatient child and adolescent services in the proposed services area. The proposed services will add an important service to the existing community resources, including residential and outpatient services.
- e. Feasibility. The applicant already operates a licensed geriatric psychiatric unit and is confident that it will satisfy the licensure requirements for the child and adolescent unit.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

The applicant has long range plans to provide more psychiatric services on the Madison Oaks / Oak Hills campus, including adult acute services and chemical dependence services. The same campus already includes a geriatric psychiatric unit, which was approved in 2013 and opened in 2015, and an adolescent residential treatment center.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. *The proposed service area is reasonable. It includes a few more counties than the service area for the geriatric unit because there are other geriatric units in west Tennessee. There are no pediatric acute beds between Memphis and Nashville. The service area does not include any counties in border states.*

Attachment – Section – Need-3.

Please complete the following tables, if applicable: N/A

Service Area Counties	Historical Utilization-County Residents	% of total procedures
County #1		
County #2		
Etc.		
Total		100%

Service Area Counties	Projected Utilization-County Residents	% of total procedures
County #1		
County #2		
Etc.		
Total		100%

4. A. 1) Describe the demographics of the population to be served by the proposal.

This project will serve children and adolescents who need inpatient psychiatric care. The population of the service area is poorer and more rural than much of Tennessee. The proposed project will bring services closer to patients who need them and who currently travel to Memphis or Nashville for treatment.

- 2) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/ Geographic Area	Department of Health/Health Statistics						
	Total Population- Current Year ¹	Total Population- Projected Year	Total Population-% Change	*Target Population- Current Year	*Target Population- Project Year	*Target Population- % Change	Target Population Projected Year as % of Total
Madison County	103,234	106,352	3%	24,762	25,201	1.8%	23.7%
Benton County	16,672	16,741	0.4%	3,098	2,977	-3.9%	17.8%
Carroll County	28,380	28,207	-0.6%	6,107	5,927	-2.9%	21%
Chester County	18,260	18,978	3.9%	3,959	3,880	-2%	20.4%
Crockett County	14,884	15,080	1.3%	3,564	3,554	-0.3%	23.6%
Dyer County	39,306	39,872	1.4%	9,295	9,309	0.2%	23.3%
Gibson County	51,394	52,438	2%	12,355	12,397	0.3%	23.6%
Hardeman County	27,283	27,278	-0.02%	5,383	5,193	-4.5%	18.9%
Hardin County	26,557	26,783	0.85%	5,353	5,204	-2.8%	19.4%
Haywood County	18,410	18,128	-1.5%	4,386	4,178	-4.7%	23%
Henderson County	29,349	30,298	3.23%	6,825	6,898	1.1%	22.8%

¹ 2015

Henry County	33,439	34,055	1.8%	6,896	6,777	-1.7%	19.9%
Lake County	8,299	8,579	3.4%	1,250	1,187	-5%	13.8%
McNairy County	27,179	27,760	2.1%	5,986	5,860	-2.1%	21.1%
Obion County	31,692	31,559	0%	6,842	6,619	-3.3%	21%
Weakley County	36,066	36,360	0.8%	7,043	6,975	-1%	19.2%
Service Area Total	510,944	518,468	1.5%	113,107	112,086	-0.01	21.6%
State of TN Total	6,812,005	7,108,031	4.3%	1,570,687	1,805,491	14.9%	25.4%

Demographic Variable/ Geographic Area	Bureau of the Census ²				TennCare	
	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees ³	TennCare Enrollees as % of Total
Madison County	37.3	\$42,069	19,046	20.1%	26,223	25.4
Benton County	45.9	\$34,087	3,521	21.8%	4,442	26.6
Carroll County	42.8	\$36,168	5,346	19.4%	8,203	28.9
Chester County	36.6	\$41,028	3,229	20%	4,121	22.6
Crockett County	39.9	\$37,298	2,549	17.9%	4,212	28.3
Dyer County	40.4	\$41,426	5,988	16%	11,367	28.9
Gibson County	39.9	\$37,460	9,393	19.3%	13,959	27.2
Hardeman County	40.3	\$30,260	5,985	25.9%	7,531	27.6
Hardin County	43.9	\$34,084	5,673	22.2%	7,668	28.9
Haywood County	39.7	\$33,922	4,297	23.7%	14,550	33
Henderson County	40.5	\$38,696	5,702	20.7%	6,071	25.6
Henry County	44.8	\$38,694	6,260	19.8%	7,528	25.4
Lake County	39.1	\$29,214	1,495	29.7%	2,339	28.2

² 2014 American Community Survey

³ As of August 2016

McNairy County	42.1	\$32,214	5,845	22.7%	8,176	29.5
Obion County	41.8	\$40,327	5,903	19.1%	8,590	27.7
Weakley County	36.8	\$35,845	6,900	21.5%	7,811	21.7
Service Area Total	40.3	\$36,733	97,132	19%	142,791	28%
State of TN Total	38.3	\$44,621	1,121,344	17.8%	1,553,725	22.8

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

- A. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

The project will serve children and adolescents from a service area that is poorer than the state average. Parents cannot afford to travel frequently to and from Memphis or Nashville for family therapy or to visit their children. Adding inpatient pediatric psychiatric services in Madison County will help alleviate this financial burden on families who are already dealing with a difficult situation. Additionally, the service area has a higher percentage of minority residents than the state average, averaging 38.2% minority residents in the service area versus 21.3% for the state as a whole.

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

N/A. There are no pediatric acute providers in the service area. Compass Intervention Center recently filed an application for a pediatric psychiatric hospital in Shelby County (outside of the applicant's service area).

Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed

calculations or documentation from referral sources, and identification of all assumptions. *The applicant projected utilization based upon the best data available to it, including the Department of Health and Human Services' data on hospitalization rates (See Attachment B.Need.6.), historical utilization, experience in other markets, and utilization data for the counties in the service area. WWT's assumptions are conservative and represent an appropriate ramp-up period for a market in which acute pediatric services have not been available. WWT assumes that approximately one-third of potential eligible patient days in the service area will be at the project.*

	2015 (April-Dec.)	2016 (annualized)	2017 (projected)	2018 (projected)
Geriatric Program	1,283	2,775	3,524	4,380
Pediatric Program			2,920	4,380

See also the Letters of Support for additional verification of the need for services.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
 - B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
 - E. For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction

professional that support the estimated construction costs. Provide a letter that includes the following:

- 1) A general description of the project;
- 2) An estimate of the cost to construct the project;
- 3) A description of the status of the site's suitability for the proposed project; and
- 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

See Attachment B.Economic Feasibility.1.E.

PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	\$83,000
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$35,000
3.	Acquisition of Site	_____
4.	Preparation of Site	_____
5.	Total Construction Costs	\$1,102,250
6.	Contingency Fund	\$100,000
7.	Fixed Equipment (Not included in Construction Contract)	_____
8.	Moveable Equipment (List all equipment over \$50,000 as separate attachments)	_____
9.	Other (Specify) _____	_____
B. Acquisition by gift, donation, or lease:		
1.	Facility (inclusive of building and land)	_____
2.	Building only	_____
3.	Land only	_____
4.	Equipment (Specify) _____	_____
5.	Other (Specify) _____	_____
C. Financing Costs and Fees:		
1.	Interim Financing	_____
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) _____	_____
D.	Estimated Project Cost (A+B+C)	\$1,320,250
E.	CON Filing Fee	\$15,000
F.	Total Estimated Project Cost (D+E)	TOTAL \$1,335,250

2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment B, Economic Feasibility-2.)***

- ☐ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;
- ☐ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☒ F. Other – Identify and document funding from all other sources. *The project will be funded by an existing revolving line of credit from Bank of Montreal. Documentation from the bank is attached.*

3. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

HISTORICAL DATA CHART

☐ Total Facility
☐ Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January.

	2015 (April- Dec)	2016 (to Aug. 31)	Year_____
A. Utilization Data (patient days)	1,283	1,850	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$705,927	\$1,327,608	\$_____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) medical records	\$22	_____	_____
Gross Operating Revenue	\$705,949	\$1,327,608	\$_____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$_____	\$_____	\$_____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	\$117,906	\$75,609	_____
Total Deductions	\$117,906	\$75,609	\$_____
NET OPERATING REVENUE	\$588,043	\$1,251,999	\$_____
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	\$504,997	\$447,602	_____
b. Non-Patient Care	\$103,433	\$91,677	_____
2. Physician's Salaries and Wages	\$106,315	\$124,300	_____
3. Supplies	\$116,872	\$106,360	_____
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
5. Management Fees:			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses	\$327,021	\$212,397	_____
Total Operating Expenses	\$1,158,638	\$982,336	\$_____
E. Earnings Before Interest, Taxes and Depreciation	\$(570,595)	\$269,663	\$_____
F. Non-Operating Expenses			
1. Taxes	\$_____	\$_____	\$_____
2. Depreciation	\$124,769	\$140,645	_____
3. Interest	_____	_____	_____
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses	\$124,769	\$140,645	\$_____
NET INCOME (LOSS)	\$(695,364)	\$129,018	\$_____

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$(695,364)	\$129,018	\$_____
G. Other Deductions			
1. Annual Principal Debt Repayment	\$_____	\$_____	\$_____
2. Annual Capital Expenditure	\$1,921,967	\$39,650	_____
Total Other Deductions	\$1,921,967	\$39,650	\$_____
NET BALANCE	\$(2,617,331)	\$89,368	\$_____
DEPRECIATION	\$124,769	\$140,645	\$_____
FREE CASH FLOW (Net Balance + Depreciation)	\$(2,492,562)	\$230,013	\$_____

☐ Total Facility

☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	2015	2016	Year_____
1. Employee Benefits	\$82,591	\$86,650	\$_____
2. Advertising and Marketing	\$5,901	\$12,593	_____
3. Purchased Services (legal, accounting, etc.)	\$147,875	\$56,983	_____
4. Recruiting and Relocation	\$6,150	\$25	_____
5. Travel	\$37,185	\$8,524	_____
6. Repairs and Maintenance	\$14,264	\$8,366	_____
7. Utilities	\$15,040	\$16,992	_____
8. Insurance	\$4,353	\$7,576	
9. Property Taxes	\$988	\$1,304	
10. Other (postage, office supplies, etc.)	\$12,674	\$13,384	
Total Other Expenses	\$327,021	\$212,397	\$_____

4. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

October 31, 2016**10:57 am****PROJECTED DATA CHART**
☐ Total Facility
☒ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	Year 1	Year 2
A. Utilization Data (patient days)	2,920	4,380
B. Revenue from Services to Patients		
1. Inpatient Services	\$2,920,000	\$4,380,000
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
Gross Operating Revenue	\$2,920,000	\$4,380,000
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$1,357,800	\$2,080,500
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	\$58,400	\$87,600
Total Deductions	\$1,416,200	\$2,168,100
NET OPERATING REVENUE	\$1,503,800	\$2,211,900
D. Operating Expenses		
1. Salaries and Wages	_____	_____
a. Direct Patient Care	\$675,329	\$890,822
b. Non-Patient Care	\$139,263	\$170,939
2. Physician's Salaries and Wages	\$176,944	\$265,414
3. Supplies	\$85,410	\$128,115
4. Rent	_____	_____
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
5. Management Fees:	_____	_____
a. Paid to Affiliates	_____	_____
b. Paid to Non-Affiliates	_____	_____
6. Other Operating Expenses	\$259,485	\$323,354
Total Operating Expenses	\$1,336,431	\$1,778,644
E. Earnings Before Interest, Taxes and Depreciation	\$167,368	\$433,256
F. Non-Operating Expenses		
1. Taxes	\$ _____	\$ _____
2. Depreciation	\$53,333	\$53,333
3. Interest	_____	_____
4. Other Non-Operating Expenses	_____	_____
Total Non-Operating Expenses	\$53,333	\$53,333
NET INCOME (LOSS)	\$114,035	\$379,923

Chart Continues Onto Next Page

October 31, 2016**10:57 am****NET INCOME (LOSS)****G. Other Deductions**

1. Estimated Annual Principal Debt Repayment

	\$114,035	\$379,923
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2. Annual Capital Expenditure

	\$ _____	\$ _____
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	\$1,335,250	\$50,000
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Total Other Deductions	\$1,335,250	\$50,000
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NET BALANCE	\$(1,221,215)	\$329,923
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DEPRECIATION	\$53,333	\$53,333
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FREE CASH FLOW (Net Balance + Depreciation)	\$(1,167,882)	\$383,256
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☐ Total Facility

☒ Project Only
PROJECTED DATA CHART-OTHER EXPENSES**OTHER EXPENSES CATEGORIES**

	Year 1	Year 2
1. Employee Benefits	\$142,918	\$172,352
2. Advertising and Marketing	\$9,000	\$12,000
3. Purchased Services (legal, accounting, etc.)	\$40,484	\$57,726
4. Recruiting and Relocation	\$3,000	\$3,600
5. Travel	\$8,000	\$10,000
6. Repairs and Maintenance	\$5,840	\$8,760
7. Utilities	\$38,000	\$42,000
8. Insurance	\$5,320	\$6,780
9. Property Taxes	\$500	\$500
10. Other (postage, office supplies, etc.)	\$6,423	\$9,636
Total Other Expenses	\$259,485	\$323,354

PROJECTED DATA CHART

☒ Total Facility
☐ Project Only

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January.

	Year 1	Year 2
A. Utilization Data (patient days)	6,444	8,760
B. Revenue from Services to Patients		
1. Inpatient Services	\$6,443,500	\$8,759,379
2. Outpatient Services	\$546,000	\$1,310,400
3. Emergency Services		
4. Other Operating Revenue (Specify) _____		
Gross Operating Revenue	\$6,989,500	\$10,069,779
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$2,672,430	\$3,987,635
2. Provision for Charity Care		
3. Provisions for Bad Debt	\$119,968	\$171,963
Total Deductions	\$2,792,398	\$4,159,598
NET OPERATING REVENUE	\$4,197,103	\$5,910,181
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	\$1,644,984	\$2,119,767
b. Non-Patient Care	\$300,876	\$382,342
2. Physician's Salaries and Wages	\$386,943	\$532,594
3. Supplies	\$241,835	\$330,842
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
5. Management Fees:		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
6. Other Operating Expenses	\$597,718	\$750,260
Total Operating Expenses	\$3,172,356	\$4,115,805
E. Earnings Before Interest, Taxes and Depreciation	\$1,024,747	\$1,794,377
F. Non-Operating Expenses		
1. Taxes	\$ _____	\$ _____
2. Depreciation	\$264,812	\$381,983
3. Interest		
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	\$264,812	\$381,983
NET INCOME (LOSS)	\$759,935	\$1,412,394

Chart Continues Onto Next Page

NET INCOME (LOSS)	\$759,935	\$1,412,394
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$ _____	\$ _____
2. Annual Capital Expenditure	\$1,345,250	\$110,000
Total Other Deductions	\$1,345,250	\$110,000
NET BALANCE	(\$585,316)	\$1,302,394
DEPRECIATION	\$264,812	\$381,983
FREE CASH FLOW (Net Balance + Depreciation)	(\$320,504)	\$1,684,377

☒ Total Facility
☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 1	Year 2
1. Employee Benefits	\$358,558	\$446,887
2. Advertising and Marketing	\$15,000	\$19,457
3. Purchased Services (legal, accounting, etc.)	\$101,786	\$133,921
4. Recruiting and Relocation	\$4,200	\$5,091
5. Travel	\$14,000	\$17,457
6. Repairs and Maintenance	\$12,887	\$17,519
7. Utilities	\$55,208	\$63,388
8. Insurance	\$15,616	\$19,577
9. Property Taxes	\$2,156	\$2,558
10. Other (postage, office supplies, etc.)	\$18,307	\$24,405
Total Other Expenses	\$597,718	\$750,260

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$1,000	\$1,000	N/A
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$475	\$475	N/A
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$525	\$525	N/A

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

The gross charge will be \$1,000, and the average net charge will be \$525. Because the project is for a new unit, there are no current charges. Revenue from the project will not affect charges for the geriatric unit.

- C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

There are no other providers of pediatric psychiatric services in the service area. The project's proposed charges are similar to or slightly lower than charges of providers in other areas.

6. A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. **NOTE: Publicly held entities only need to reference their SEC filings.**

*The projected utilization rates are sufficient to support financial performance. The projected financials show a positive run rate by the end of the first year of operation. WWT and Woodridge have sufficient cash to support the project until it is profitable. **Attachment B.Economic Feasibility.6.A.***

- B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	0.11	0.20

- C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

The capitalization ratio for Woodridge (parent company) is 118,211.

$$[9,870,640 / ((9,870,640/11,820,282) \times 100) = 118,211]$$

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	N/A	N/A
TennCare/Medicaid	\$1,752,000	60
Commercial/Other Managed Care	\$1,168,000	40
Self-Pay	N/A	N/A
Charity Care	N/A	N/A
Other (Specify) _____	N/A	N/A
Total	\$2,920,000	100

The Applicant does not anticipate significant revenue from self-pay or charity care because most children and adolescents have insurance either under TennCare or through commercial insurance. The applicant will provide indigent care as necessary to serve the community.

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

The project will add 28 new jobs to the area. Woodridge has a strong history of recruiting qualified staff, both clinical and non-clinical.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
<i>Technicians</i>	N/A	15.4	\$10.50	\$11.86
<i>RNs</i>	N/A	4.2	\$27	\$25.50
<i>Therapists</i>	N/A	1.5	\$21.67	
<i>Recreational Therapists</i>	N/A	1	\$14	\$15.77
<i>Tutors</i>	N/A	.5	\$20	*
<i>Transports</i>	N/A	1	\$10.50	\$12.98
Total Direct Patient Care Positions	N/A	23.6	\$17.28	\$16.53

B. Non-Patient Care Positions				
<i>Business Office</i>	N/A	0.5	\$17.5	\$16.15
<i>Medical Records</i>	N/A	0.5	\$20	\$15.97
<i>Marketing</i>	N/A	1	\$30	\$31.28
<i>Utilization Review</i>	N/A	0.5	\$20	*
<i>Housekeeping</i>	N/A	1	\$10	\$9.87
<i>Diet/Maint</i>	N/A	1	\$9.50	\$10.52
Total Non-Patient Care Positions	N/A	4.5	\$17.83	\$16.76
Total Employees (A+B)	N/A	28.1	\$17.55	\$16.65
C. Contractual Staff	N/A	0	0	0
Total Staff (A+B+C)	N/A	28.1	\$17.55	\$16.65

* information not available from the Tennessee Department of Labor and Workforce Development

9. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

This project is the least costly and most efficient way to add pediatric inpatient psychiatric services to the service area. It utilizes existing, unused space by renovating old acute hospital space and complements existing healthcare services.

- B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

This project is a renovation and modification of existing, unused space.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

WWT has a transfer agreement with Jackson-Madison County General Hospital. WWT also has contractual agreements for health services including pharmacy, lab, and x-ray. Additionally, WWT has working relationships with area outpatient mental health clinics, community mental health centers, schools, the Department of Children's services, and the juvenile justice system.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

A. Positive Effects

This project will bring a needed service to the service area. There are no providers of pediatric acute psychiatric services in the service area. The project will not compete with existing providers or duplicate services. It will allow children and adolescents to be treated closer to home, where their families can visit and participate in treatment.

B. Negative Effects

The project will not negatively affect any providers in the service area. There are no pediatric acute psychiatric providers in the service area.

3. A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

Qualified staff are available in the Jackson area. Woodridge has been successful in recruiting staff for its existing geriatric psychiatric unit and residential treatment center. Woodridge has good relationships with the local colleges and has had success recruiting graduates of those schools. Psychiatrists in Jackson will provide clinical leadership.

- B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

The applicant has reviewed and understands all applicable licensing and accreditation requirements. The applicant's geriatric unit is currently licensed by the Department of Mental Health and Substance Abuse Services and accredited by the Joint Commission.

- C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

WWT works with local educational institutions to provide volunteer opportunities that benefit both the students and the patients. In the past, WWT has been an internship and nursing rotation site for students and would be open to that in the future.

4. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: *Tennessee Department of Mental Health and Substance Abuse Services*

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): *N/A*

Accreditation (i.e., Joint Commission, CARF, etc.): *Joint Commission*

- A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

The existing geriatric psychiatric program is licensed by the Department of Mental Health and Substance Abuse Services and is accredited by the Joint Commission. Copies of the license and accreditation are attached as Attachment B. Contribution to Orderly Development. 4.A.

- B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

The applicant's most recent survey and plan of correction is attached as Attachment B. Contribution to Orderly Development. 4.B.

- C. Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions. *N/A*

- 1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future. .

5. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- A. Has any of the following:

- 1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- 2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- 3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

B. Been subjected to any of the following:

- 1) Final Order or Judgment in a state licensure action;
- 2) Criminal fines in cases involving a Federal or State health care offense;
- 3) Civil monetary penalties in cases involving a Federal or State health care offense;
- 4) Administrative monetary penalties in cases involving a Federal or State health care offense;
- 5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- 6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- 7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- 8) Is presently subject to a corporate integrity agreement. *No. None of the people described in 5.A. have been subjected to any of the actions described in 5.B.*

6. Outstanding Projects: *N/A*.

- A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and
- B. Provide a brief description of the current progress, and status of each applicable outstanding CON.

7. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? No
- B. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? N/A
- C. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? N/A

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

The applicant will report all information required by the Agency.

STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee. *The proposed project will improve the health and well-being of children and adolescents in the service area by providing a service previously unavailable in the service area – inpatient psychiatric care.*
2. People in Tennessee should have access to health care and the conditions to achieve optimal health. *Lack of access mental health care is a major problem across the state. This project increases access to and availability of mental health care by locating inpatient psychiatric services in an area of the state that does not currently have such services. The nearest inpatient psychiatric care providers for children and adolescents are in Memphis and Nashville. It is a burden on children and their families to have to travel for such care. Additionally, family participation is an important component of psychiatric treatment for pediatric patients. This project will enable families to participate more fully in their children's' treatment.*
3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies. *This project encourages economic efficiencies. It will use existing physical resources and will not duplicate services. This project will provide the missing link in the continuum of pediatric psychiatric services in the service area, which include outpatient and residential treatment options.*
4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers. *Woodridge strives to provide the highest quality of care in its acute and residential programs. Woodridge's programs are CARF and Joint Commission accredited.*
5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce. *Woodridge has successfully recruited quality staff from the Jackson area. Clinical leadership for the acute programs and residential treatment center is provided by area psychiatrists.*

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the “good cause” for such an extension.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		February 2017
2. Architectural and engineering contract signed	1	February 2017
3. Construction documents approved by the Tennessee Department of Health	30	March 2017
4. Construction contract signed	30	March 2017
5. Building permit secured	35	April 2017
6. Site preparation completed	35	April 2017
7. Building construction commenced	40	April 2018
8. Construction 40% complete	120	June 2017
9. Construction 80% complete	190	August 2017
10. Construction 100% complete (approved for occupancy)	230	September 2017
11. *Issuance of License	260	October 2017
12. *Issuance of Service	270	October 2017
13. Final Architectural Certification of Payment	275	November 2017
14. Final Project Report Form submitted (Form HR0055)	275	November 2017

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

AFFIDAVIT

STATE OF _____

COUNTY OF _____

_____, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

SIGNATURE/TITLE

Sworn to and subscribed before me this _____ day of _____, _____ a Notary
(Month) (Year)

Public in and for the County/State of _____.

NOTARY PUBLIC

My commission expires _____,
(Month/Day) (Year)

AFFIDAVITSTATE OF TennesseeCOUNTY OF Davidson

Cecelia Hunt, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Cecelia Hunt, EVP of Operations
SIGNATURE/TITLE

Sworn to and subscribed before me this 13 day of October, 2016 a Notary
(Month) (Year)

Public in and for the County/State of Madison / Tennessee.



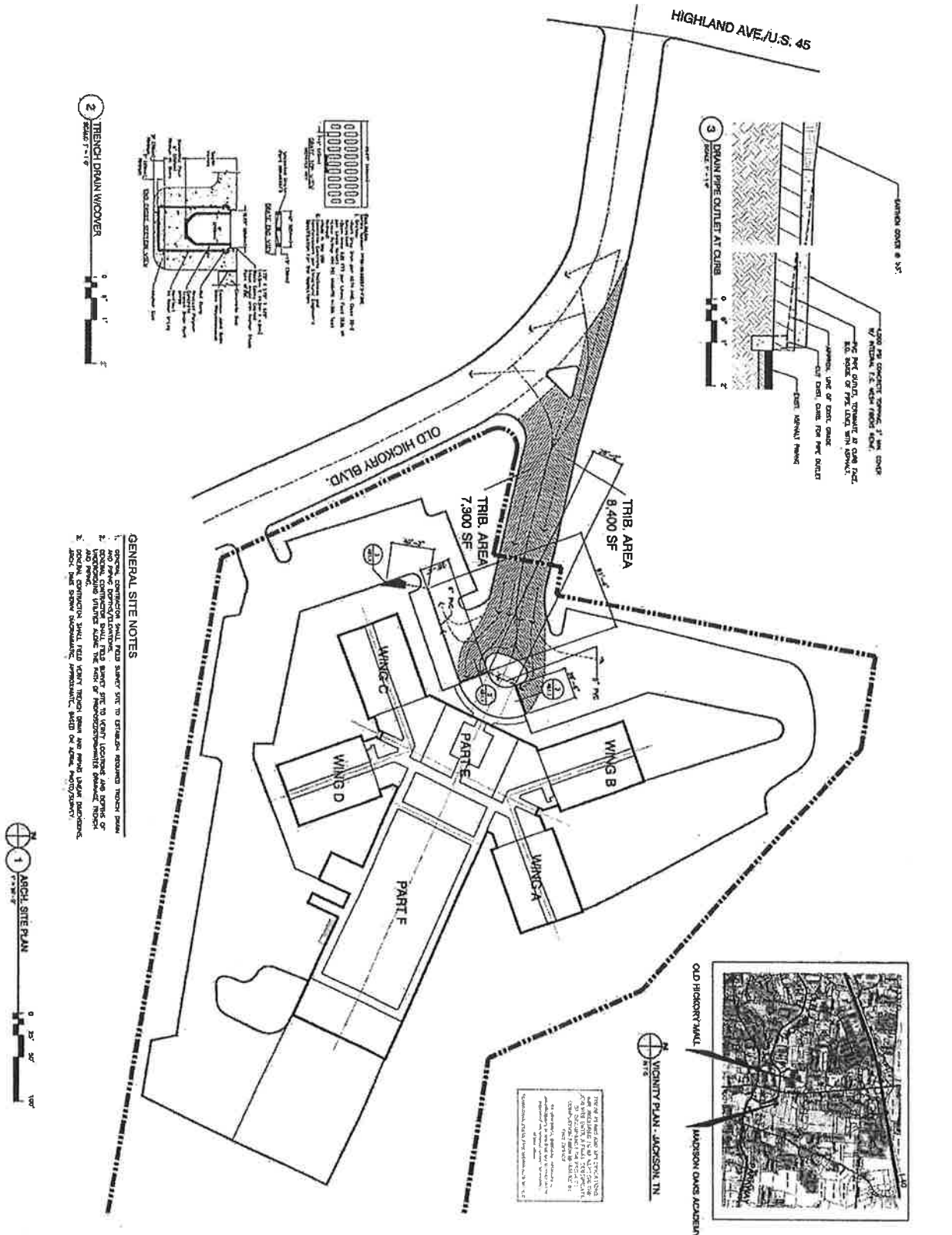
Valerie Kibler
NOTARY PUBLIC

My commission expires 06/28, 2020.
(Month/Day) (Year)

Attachment A.6.B(1)
Site Plan

October 27, 2016

12:44 pm



AS1.1

ABA 1115

11 April 2012
Issue Fc SFM Rev.
Bld. Consult.

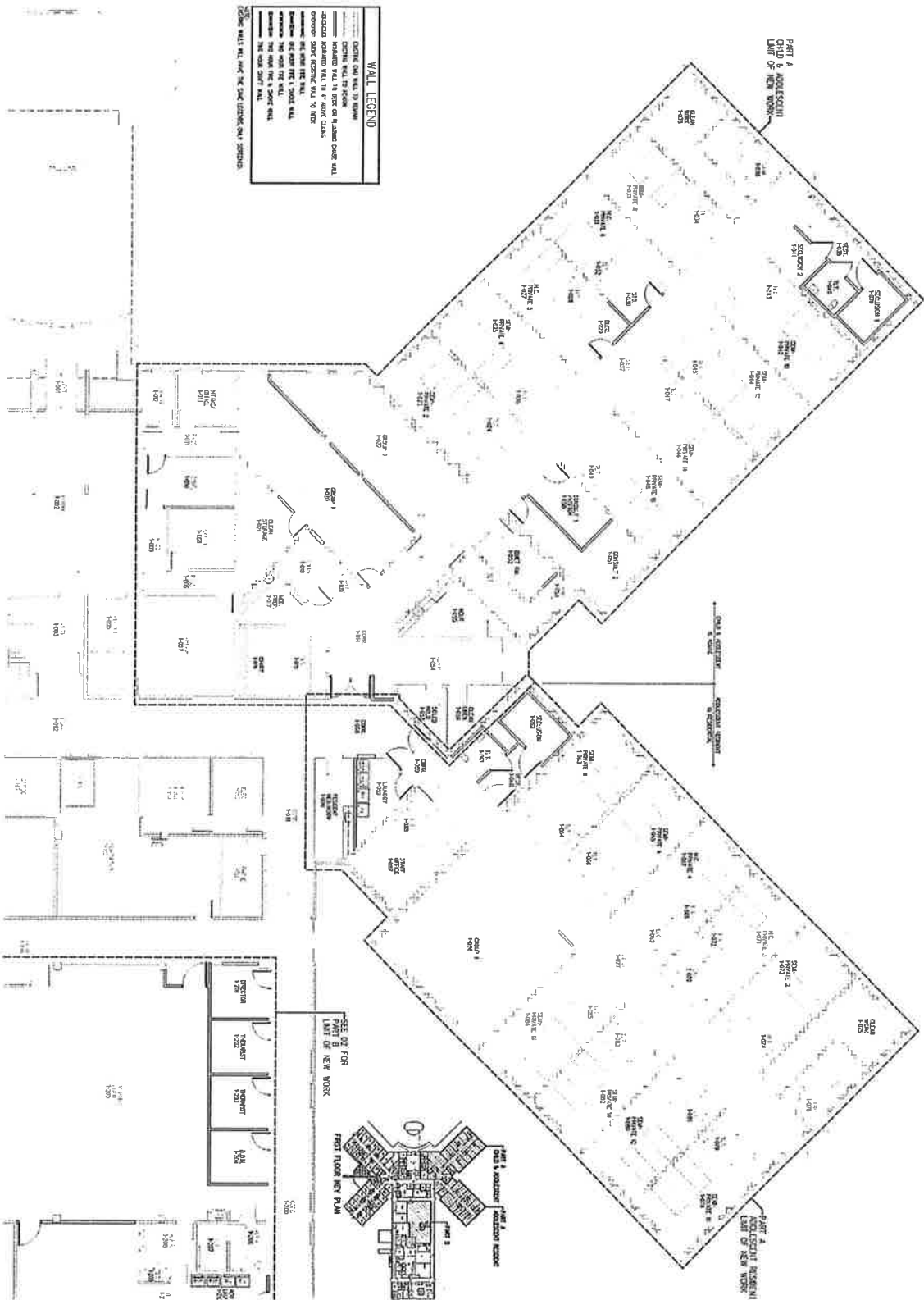
**Madison Oaks Academy
Phase I: Educational Component Renovation**

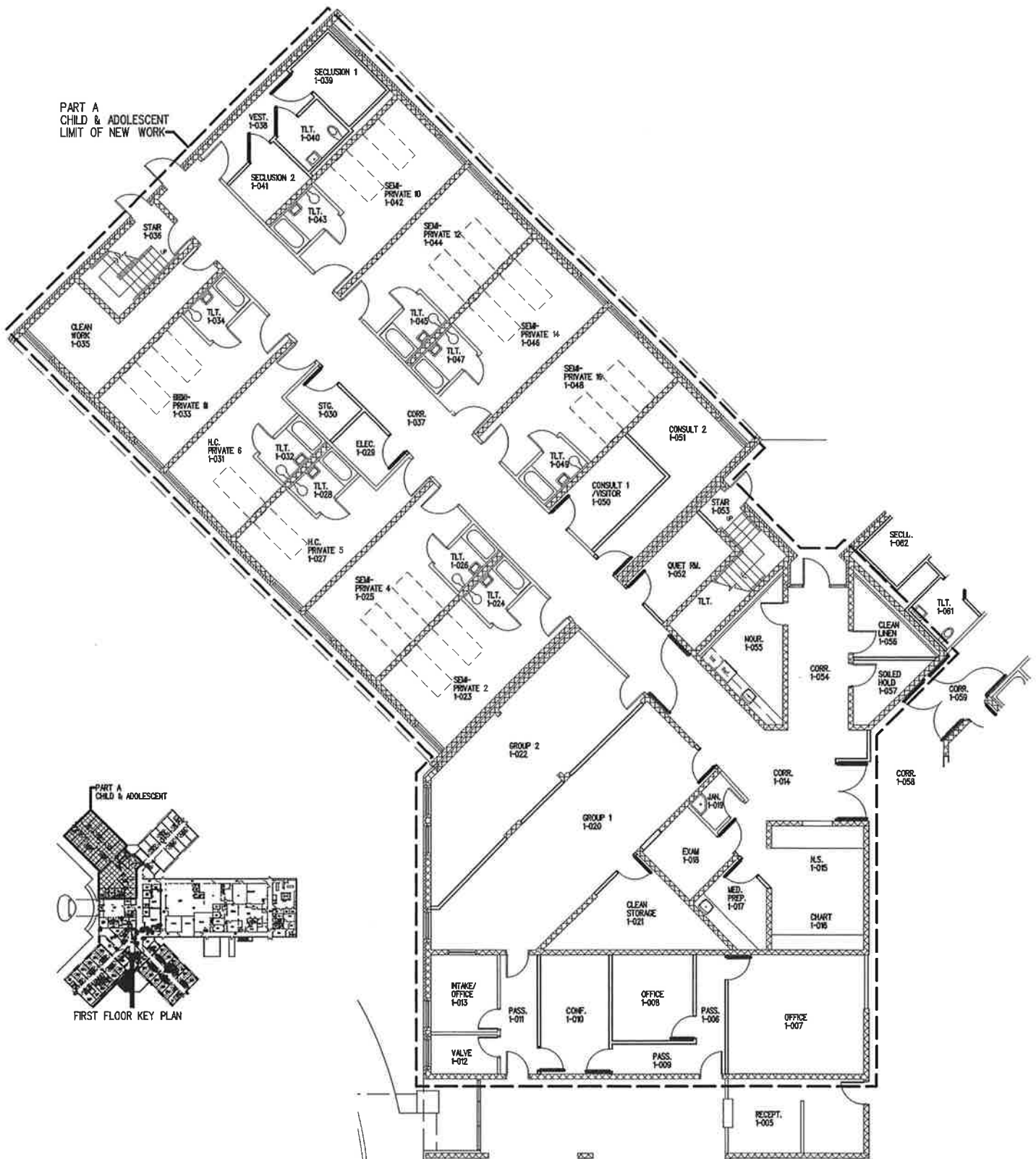
49 Old Hickory Blvd,
Jackson, TN 38305



Architects

Attachment A.6.B(2)
Floor Plan



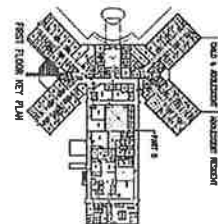
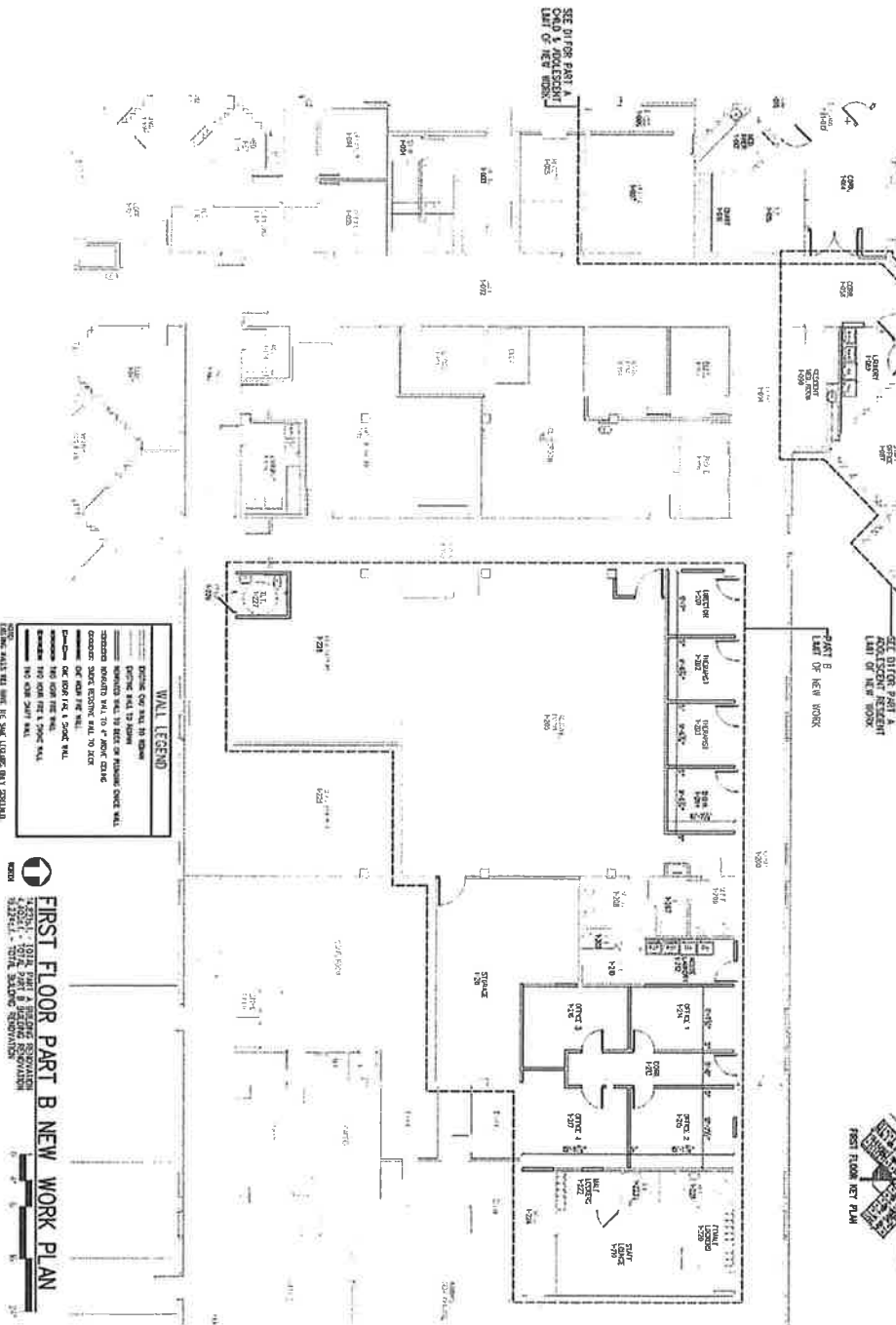


FLOOR PLAN

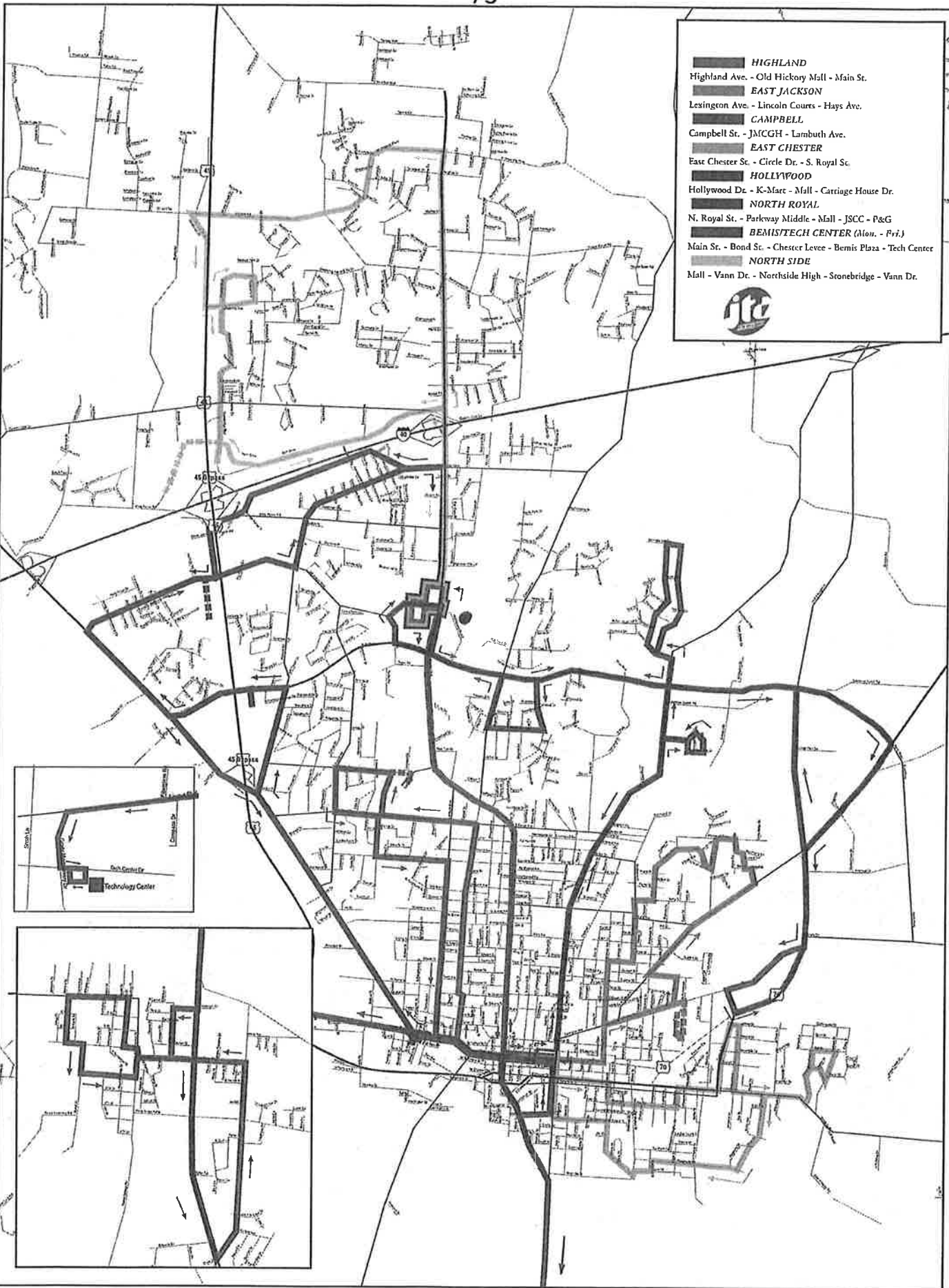
10/3/16



Child and Adolescent Renovation
WoodRidge Behavioral Care
Madison Oaks Hospital
Jackson, Tennessee



Attachment A.6.B(3)
Transportation Routes



[REDACTED] **HIGHLAND**
 Highland Ave. - Old Hickory
 [REDACTED] **EAST JACK**
 Lexington Ave. - Lincoln Cot
 [REDACTED] **CAMPBELL**
 Campbell St. - JMCGRH - Lar
 [REDACTED] **EAST CHES**
 East Chester St. - Circle Dr. -
 [REDACTED] **HOLLYWOOD**
 Hollywood Dr. - K-Marr - M
 [REDACTED] **NORTH RO**
 N. Royal St. - Parkway Midd
 [REDACTED] **BEMIS/TEC**
 Main St. - Bond St. - Chester
 [REDACTED] **NORTH SIE**
 Mall - Vann Dr. - Northside



**Attachment B.Need.3
Service Area Map**

Attachment B.Need.6
Department of Health and Human Services Data

CHILD HEALTH USA 2011

An illustrated collection of current and historical data, published annually.

Health Status > Children > Hospitalization

Hospitalization

Narrative

In 2009, there were over 3.1 million hospital discharges among people aged 1–21 years, equaling 3.6 hospital discharges per 100 children, adolescents and young adults. While injuries are the leading cause of death among this age group, they were not the most common cause of hospitalization. In 2009, diseases of the respiratory system, including asthma and pneumonia, were the most common causes of hospitalization among children aged 1–4 and 5–9 years. Among children aged 1–4 years, diseases of the respiratory system accounted for nearly 40 percent of discharges; the same was true for about one-quarter of 5–9 year-olds. Mental disorders were the most common cause of hospitalization among children aged 10–14 years (22.5 percent of discharges) and the second most common cause among adolescents aged 15–19 years (15.7 percent of discharges) and young adults aged 20–21 years (8.4 percent). Among adolescents aged 15–19 years and young adults aged 20–21 years, labor and delivery (among females) was the most common cause of hospitalization resulting 49.6 and 62.3 percent of discharges, respectively.

Between 1990 and 2009, overall hospital discharge rates for children aged 1–14 years did not change significantly. However, there was a change in the rates for some of the most common individual categories of discharges: the rate of discharges for diseases of the respiratory system increased by 19.6 percent between 1990 and 2009, while discharges related to injury and poisoning decreased by 31.5 percent during the same period.

Graphs

Data

Information on this page can be found in the print version of *Child Health USA 2011*.

Suggested Citation: U.S. Department of Health and Human Services, Health Resources and Services Administration, Maternal and Child Health Bureau. *Child Health USA 2011*. Rockville, Maryland: U.S. Department of Health and Human Services, 2011.



HOSPITALIZATION

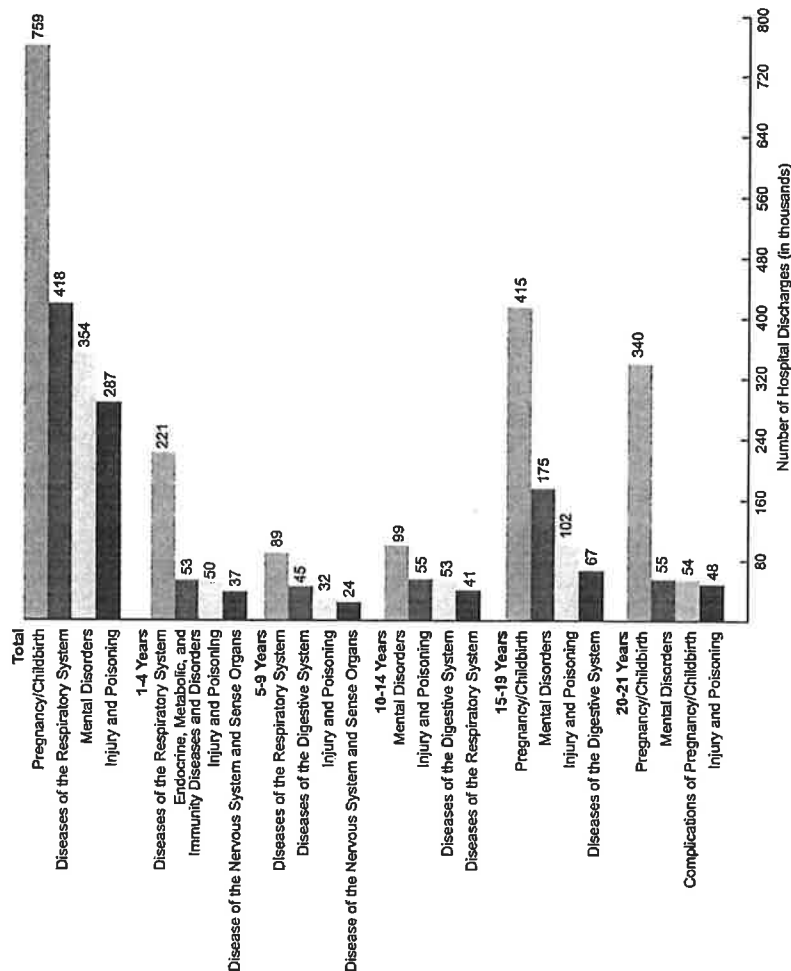
In 2009, there were over 3.1 million hospital discharges among people aged 1–21 years, equaling 3.6 hospital discharges per 100 children, adolescents and young adults. While injuries are the leading cause of death among this age group, they were not the most common cause of hospitalization. In 2009, diseases of the respiratory system, including asthma and pneumonia, were the most common causes of hospitalization among children aged 1–4 and 5–9 years. Among children aged 1–4 years, diseases of the respiratory system accounted for nearly 40 percent of discharges; the same was true for about one-quarter of 5–9 year-olds. Mental disorders were the most common cause of hospitalization among children aged 10–14 years (22.5 percent of discharges) and the second most common cause among adolescents aged 15–19 years (15.7 percent of discharges) and young adults aged 20–21 years (8.4 percent). Among adolescents aged 15–19 years and young adults aged 20–21 years, labor and delivery (among females) was the most common cause of hospitalization resulting in 49.6 and 62.3 percent of discharges, respectively.

Between 1990 and 2009, overall hospital discharge rates for children aged 1–14 years did not change significantly. However, there was a change in the rates for some of the most common individual categories of discharges: the rate of discharges for diseases of the respiratory

system increased by 19.6 percent between 1990 and 2009, while discharges related to injury and poisoning decreased by 31.5 percent during the same period.

Major Causes of Hospitalization, by Age Group, 2009

Source (II.8): Centers for Disease Control and Prevention, National Hospital Discharge Survey



Attachment B.Economic Feasibility.1.E
Letter from Architect

C. ROSS ARCHITECTURE L.L.C.

October 3, 2016

**Subject: Verification of Construction Cost Estimate
Madison Oaks Hospital
Woodridge Behavioral Care
Child and Adolescent Renovation
Jackson, Tennessee**

To Whom It May Concern:

C. Ross Architect L.L.C., an architectural firm in Nashville, Tennessee, has reviewed the construction cost data for the above referenced project. The stated construction cost for this 8,818 square foot renovation is approximately \$1,102,250.00. (In providing opinions of probable construction cost, the Client understands that the Consultant has no control over the cost or availability of labor, equipment or materials, or over market conditions, or the Contractor's method of pricing, or the Code Reviewer's interpretation at a later date of the requirements for the project, and that the Consultant's opinion of probable construction costs are made on the basis of the Consultant's professional judgment and experience. The Consultant makes no warranty, expressed or implied, that the bids or the negotiated cost of the work will not vary from the Consultants opinion or probable construction cost.)

It is our opinion at this time the projected construction cost is reasonable for this type and size of project and compares appropriately with similar projects in this market. However, it should be noted that the construction costs re increasing rapidly due to economic factors beyond Contractor's controls.

The building codes applicable to this project will be:

State:

1. 2010 Guidelines for Design and Construction of Hospitals and Health Care Facilities
2. 2012 International Building Code
3. 2012 International Mechanical Code
4. 2012 International Plumbing Code
5. 2012 International Fuel and Gas Code
6. 2011 National Electric Code
7. 2012 NFPA 101 Life Safety Code
8. 1999 North Carolina Handicap Accessibility Code with 2004 Amendments
9. 2012 U S Public health Code

Federal:

1. The Americans with Disabilities Act (ADA), Accessibility Guidelines for Buildings and Facilities – 2010 Edition

Sincerely,

C. ROSS ARCHITECTURE, L.L.C.



R. Christopher Ross, III, AIA

3807 Charlotte Avenue ▼ Nashville, Tennessee 37209

Phone: 615.385.1942 ▲ Fax: 615.385.1943 ▲ Mobile: 615.430.4072 ▲ Email: rossarch@comcast.net

Attachment B.Economic Feasibility.2
Letter from CFO



October 12, 2016

Health Services and Development Agency
502 Deaderick St.
Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243

Dear Agency member:

This letter is to certify that Woodridge of West Tennessee, LLC, d/b/a Oak Hills Behavioral Center, has sufficient cash of \$1,335,250, to fund the project as described in the Certificate of Need application for the 16-bed expansion of Oak Hills Behavior Center, located at 49 Old Hickory Blvd., Jackson, TN 38305.

Should you have questions or require further information, feel free to call me or Cecelia Hunt at 615-860-9230.

Yours truly,



Rod Laughlin
Chief Executive Officer

**Attachment B.Economic Feasibility.6.A
Financial Statements**

Woodridge of West Tennessee LLC
Balance Sheet
As of December 31, 2016

Aug 31, 16

ASSETS

Current Assets

Checking/Savings

1100 . Cash and Equivalents

1132. Pinnacle Bank - Operatin

-

1140. Cash - Petty Cash

500

Total 1100 . Cash and Equivalents

500

Total Checking/Savings

500

Accounts Receivable

1200. Patient Recievables

1201. Patient A/R

347,615

1203. Unbilled A/R

92,050

Total 1200. Patient Recievables

439,665

1240 . Allowance Accounts

1250. Allowance Doubtful Acct

(87,932)

Total 1240 . Allowance Accounts

(87,932)

Total Accounts Receivable

351,733

Other Current Assets

1300. Other Receivables

1307. A/R Misc

1,000

1350. Employee Travel Advance

-

Total 1300. Other Receivables

1,000

1400. Prepaid Expenses

6,810

Total Other Current Assets

7,810

Total Current Assets

360,043

Fixed Assets

1500. Fixed Assets

1540. Leasehold Improvements

1,795,281

1550. Automobiles

37,071

1570. Furniture & Equipment

129,266

Total 1500. Fixed Assets

1,961,617

1745 . Accumulated Depreciation

1541. AccDepr-Leasehold Improve

(224,311)

1551. AccumDepr- Auto

(3,088)

1571. AccumDepr- F & E

(38,016)

Total 1745 . Accumulated Depreciation

(265,414)

Total Fixed Assets

1,696,203

Other Assets

1600. Other Assets

1610. Deposits

1,051

Total 1600. Other Assets

1,051

Total Other Assets

1,051

TOTAL ASSETS

2,057,298

LIABILITIES & EQUITY

Liabilities

Woodridge of West Tennessee LLC

Balance Sheet

As of December 31, 2016

	Aug 31, 16
Current Liabilities	
Accounts Payable	
2000 . Accounts Payable	
2005 . Accounts Payable	41,267
Total 2000 . Accounts Payable	<u>41,267</u>
Total Accounts Payable	41,267
Other Current Liabilities	
2100 . Payroll Liabilities	
2200 . Salaries Payable	24,673
2201 . Accrued Vacations	8,579
2207 . HSA	-
2208. 401K	-
2220 . FUTA	0
2221 . Tennessee SUTA	-
2230 . Federal W/H	2,502
2232 . FICA Employer	(0)
2260. Other Insurance	-
Total 2100 . Payroll Liabilities	<u>35,754</u>
2400. Other Current Liabilities	
2405. Accrued Other	10,725
2410. Accrued Real Estate Taxes	-
Total 2400. Other Current Liabilities	<u>10,725</u>
2500 . Income Tax Payable	
2530 . State Francise Tax	-
Total 2500 . Income Tax Payable	<u>-</u>
Total Other Current Liabilities	<u>46,479</u>
Total Current Liabilities	<u>87,746</u>
Long Term Liabilities	
2700 . Intercompany	
2701 . Intercompany Mgmt	2,609,591
Total 2700 . Intercompany	<u>2,609,591</u>
Total Long Term Liabilities	<u>2,609,591</u>
Total Liabilities	<u>2,697,336</u>
Equity	
3900 . Retained Earnings	(769,056)
Net Income	<u>129,017</u>
Total Equity	<u>(640,039)</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,057,298</u></u>

Woodridge of West Tennessee LLC
Profit & Loss
January through August 2016

	Jan 16	Feb 16	Mar 16	Apr 16
Ordinary Income/Expense				
Income				
4000 . Patient Revenue				
4125. Medicare	131,902	108,670	237,253	150,551
4200 . Revenue - Commercial	-	-	(47,533)	(12,938)
4218. Tenn Medicaid	-	-	-	35,264
Total 4000 . Patient Revenue	131,902	108,670	189,719	172,877
5000. A/R Discount				
5002 .Administrative Adjustment	-	-	296	(296)
Total 5000. A/R Discount	-	-	296	(296)
Total Income	131,902	108,670	190,015	172,581
Gross Profit	131,902	108,670	190,015	172,581
Expense				
7000 . Gross Salaries				
7001. Payroll	72,037	70,082	70,163	66,973
Total 7000 . Gross Salaries	72,037	70,082	70,163	66,973
7050. Employee Benefits				
7051. Payroll Taxes - FICA	5,324	5,198	5,224	4,989
7052. Payroll Taxes - SUI/FUI	2,079	1,528	967	698
7071. Health Insurance	3,495	2,417	2,528	2,639
7073. Dental	420	260	299	360
7074. Workman's Compensation	1,988	1,988	1,988	1,988
7075. Life Insurance	86	86	86	82
7076. 401k Match	-	-	-	-
7080. HSA Company Contribution	162	162	167	167
7090. Employee Activities	-	-	-	-
Total 7050. Employee Benefits	13,554	11,640	11,258	10,923
7100. Professional Fees				
7111. Prof. Fees - Medical Dir	12,500	12,500	12,500	12,500
7120. Prof Fees - H & P	3,000	3,000	3,000	3,000
7130. Prof Fees - Other	-	-	300	-
Total 7100. Professional Fees	15,500	15,500	15,800	15,500
7200. Advertising & Marketing				
7211. Marketing Supplies	1,004	1,154	271	64
7220 . TV Placements	-	-	2,797	-
Total 7200. Advertising & Marketing	1,004	1,154	3,068	64
7300. Purchase Services				
7301. Accounting Fees	-	-	5,000	-
7302. Dietary Consultant	-	-	-	-
7304. Housekeep & Maint.	1,073	1,073	1,930	-
7305. Lab Work	2,000	448	1,522	555
7306. Laundry	880	896	1,134	1,582
7307. Legal Fees	-	-	-	-
7308. Outside Medical Services	1,800	605	2,200	1,240
7312. JCAHO	775	775	775	775

Woodridge of West Tennessee LLC

Profit & Loss

January through August 2016

	Jan 16	Feb 16	Mar 16	Apr 16
7313. Therapist	205	-	-	-
7320. Transcription	112	114	-	-
7321. Maintenance Agreements	694	706	690	619
7325. Psychologist	-	-	-	-
7327. Pre Employment	497	300	285	325
7375. Contract Labor - Other	-	-	-	50
Total 7300. Purchase Services	8,035	4,916	13,537	5,148
7380. Recruitment & Relocation				
7381. Recruitment Ads	-	-	-	-
Total 7380. Recruitment & Relocation	-	-	-	-
7400. Food and Supplies				
7401. Office Supplies	654	387	241	338
7405. Food Costs	1,904	1,316	4,168	3,269
7406. Dietary Supplies	150	140	320	118
7407. Minor Equipment	1,047	2,863	-	-
7408. Housekeeping Supplies	1,031	1,271	692	575
7410. Recreation/Activity	209	150	193	150
7411. Medical Supplies	1,212	578	660	1,671
7412. Pharmacy Supplies	6,000	6,240	9,699	10,000
7400. Food and Supplies - Other	-	-	-	-
Total 7400. Food and Supplies	12,208	12,946	15,974	16,121
7500. Travel & Entertainment				
7501. Travel & Mileage	383	704	515	427
7502. Meals	40	169	79	100
7503. Conference And Seminars	500	-	-	200
7521. Transport Gas	-	-	-	-
7524. Transport Other	80	20	40	240
Total 7500. Travel & Entertainment	1,003	893	634	967
7550. Repair and Maintenance				
7552. R & M Buildings	482	244	626	349
Total 7550. Repair and Maintenance	482	244	626	349
7580. Rent/Lease				
7581. Rent Equipment	25	25	25	25
Total 7580. Rent/Lease	25	25	25	25
7600. Utilities				
7601. Telephone	35	34	35	35
7602. Telephone Long Distance	7	10	9	9
7603. Electric	704	674	604	563
7604. Water	60	50	55	52
7605. Sewer	115	88	107	94
7606. Natural Gas	160	158	87	63
7607. Waste	690	715	767	682
7609. Fuel - Generators	-	-	-	-
7610. Mobile Phones	295	250	244	232
7612. Cable	10	10	10	10

Woodridge of West Tennessee LLC
Profit & Loss
January through August 2016

	Jan 16	Feb 16	Mar 16	Apr 16
Total 7600. Utilities	2,076	1,989	1,917	1,740
7650. Insurance				
7651. Auto Insurance	-	-	-	250
7654. Professional Insurance	633	633	633	633
7655. Property Insurance	75	75	75	75
Total 7650. Insurance	708	708	708	958
7680. Bad Debt Expense				
7681. Bad Debt Exp	1,230	(21,263)	5,199	8,338
Total 7680. Bad Debt Expense	1,230	(21,263)	5,199	8,338
7700. Property Taxes				
7701. Property Taxes Real	168	138	138	138
Total 7700. Property Taxes	168	138	138	138
7900. Other Operating Expenses				
7901. Taxes & Licenses	233	533	233	533
7902. Resident Supplies	427	474	3	809
7906. Overnight Mail	23	15	76	27
7907. Printing & Reproduction	-	-	-	-
7910. Late Fees/Charges	-	-	-	-
7913. Postage	11	-	88	23
Total 7900. Other Operating Expenses	695	1,023	400	1,393
Total Expense	128,725	99,996	139,446	128,635
Net Ordinary Income	3,176	8,674	50,569	43,946
Other Income/Expense				
Other Expense				
8500 . Depreciation & Amort.				
8501 . Depreciation Exp.	17,176	17,176	17,176	17,792
Total 8500 . Depreciation & Amort.	17,176	17,176	17,176	17,792
Total Other Expense	17,176	17,176	17,176	17,792
Net Other Income	(17,176)	(17,176)	(17,176)	(17,792)
Net Income	(14,000)	(8,502)	33,393	26,154

Woodridge of West Tennessee LLC
Profit & Loss
January through August 2016

	May 16	Jun 16	Jul 16	Aug 16
Ordinary Income/Expense				
Income				
4000 . Patient Revenue				
4125. Medicare	185,987	83,146	170,530	205,227
4200 . Revenue - Commercial	(33,357)	17,850	-	36,078
4218. Tenn Medicaid	29,408	2,680	1,181	25,711
Total 4000 . Patient Revenue	182,038	103,675	171,711	267,016
5000. A/R Discount				
5002 .Administrative Adjustment	-	(1)	(50,177)	-
Total 5000. A/R Discount	-	(1)	(50,177)	-
Total Income	182,038	103,674	121,534	267,016
Gross Profit	182,038	103,674	121,534	267,016
Expense				
7000 . Gross Salaries				
7001. Payroll	65,738	55,756	64,878	73,652
Total 7000 . Gross Salaries	65,738	55,756	64,878	73,652
7050. Employee Benefits				
7051. Payroll Taxes - FICA	4,902	4,153	4,846	5,503
7052. Payroll Taxes - SUI/FUI	760	580	791	562
7071. Health Insurance	424	2,411	934	2,436
7073. Dental	323	314	(215)	150
7074. Workman's Compensation	1,988	2,364	2,364	2,360
7075. Life Insurance	90	62	62	66
7076. 401k Match	-	-	-	277
7080. HSA Company Contribution	169	128	192	128
7090. Employee Activities	76	-	-	76
Total 7050. Employee Benefits	8,730	10,013	8,974	11,559
7100. Professional Fees				
7111. Prof. Fees - Medical Dir	12,500	12,500	12,500	12,500
7120. Prof Fees - H & P	3,000	2,000	2,000	2,000
7130. Prof Fees - Other	-	1,000	1,000	1,000
Total 7100. Professional Fees	15,500	15,500	15,500	15,500
7200. Advertising & Marketing				
7211. Marketing Supplies	143	241	1,202	3,653
7220 . TV Placements	1,064	1,000	-	-
Total 7200. Advertising & Marketing	1,207	1,241	1,202	3,653
7300. Purchase Services				
7301. Accounting Fees	500	-	-	-
7302. Dietary Consultant	260	-	-	650
7304. Housekeep & Maint.	-	-	-	-
7305. Lab Work	2,922	1,219	1,450	471
7306. Laundry	1,978	1,582	1,626	2,051
7307. Legal Fees	189	-	-	-
7308. Outside Medical Services	215	584	421	533
7312. JCAHO	1,400	900	900	900

Woodridge of West Tennessee LLC

Profit & Loss

January through August 2016

	May 16	Jun 16	Jul 16	Aug 16
7313. Therapist	-	240	165	240
7320. Transcription	103	300	126	245
7321. Maintenance Agreements	619	783	173	146
7325. Psychologist	-	-	-	250
7327. Pre Employment	26	482	126	200
7375. Contract Labor - Other	75	-	195	100
Total 7300. Purchase Services	8,288	6,090	5,182	5,787
7380. Recruitment & Relocation				
7381. Recruitment Ads	-	-	-	25
Total 7380. Recruitment & Relocation	-	-	-	25
7400. Food and Supplies				
7401. Office Supplies	200	662	291	597
7405. Food Costs	1,530	1,811	2,493	4,215
7406. Dietary Supplies	277	143	279	355
7407. Minor Equipment	-	-	372	-
7408. Housekeeping Supplies	699	198	412	1,020
7410. Recreation/Activity	181	150	202	-
7411. Medical Supplies	1,964	1,063	1,137	674
7412. Pharmacy Supplies	8,164	5,000	1,753	13,248
7400. Food and Supplies - Other	-	-	24	-
Total 7400. Food and Supplies	13,014	9,027	6,963	20,109
7500. Travel & Entertainment				
7501. Travel & Mileage	1,631	181	487	644
7502. Meals	(148)	34	72	160
7503. Conference And Seminars	1,050	79	-	-
7521. Transport Gas	-	32	100	100
7524. Transport Other	235	371	-	-
Total 7500. Travel & Entertainment	2,768	697	659	904
7550. Repair and Maintenance				
7552. R & M Buildings	626	661	627	4,751
Total 7550. Repair and Maintenance	626	661	627	4,751
7580. Rent/Lease				
7581. Rent Equipment	-	25	25	-
Total 7580. Rent/Lease	-	25	25	-
7600. Utilities				
7601. Telephone	38	36	36	36
7602. Telephone Long Distance	10	9	7	11
7603. Electric	653	767	1,043	959
7604. Water	54	53	56	49
7605. Sewer	97	93	108	83
7606. Natural Gas	53	45	44	38
7607. Waste	690	1,410	903	528
7609. Fuel - Generators	23	-	-	-
7610. Mobile Phones	322	107	508	357
7612. Cable	11	11	11	11

Woodridge of West Tennessee LLC
Profit & Loss
January through August 2016

	May 16	Jun 16	Jul 16	Aug 16
Total 7600. Utilities	1,951	2,531	2,716	2,071
7650. Insurance				
7651. Auto Insurance	125	125	125	114
7654. Professional Insurance	709	1,137	1,188	647
7655. Property Insurance	75	75	75	97
Total 7650. Insurance	909	1,338	1,389	858
7680. Bad Debt Expense				
7681. Bad Debt Exp	11,305	14,307	2,659	3,656
Total 7680. Bad Debt Expense	11,305	14,307	2,659	3,656
7700. Property Taxes				
7701. Property Taxes Real	168	168	218	168
Total 7700. Property Taxes	168	168	218	168
7900. Other Operating Expenses				
7901. Taxes & Licenses	245	233	4,833	383
7902. Resident Supplies	589	1,350	630	1,049
7906. Overnight Mail	31	28	31	60
7907. Printing & Reproduction	-	-	71	-
7910. Late Fees/Charges	-	-	-	9
7913. Postage	176	-	-	5
Total 7900. Other Operating Expenses	1,041	1,611	5,565	1,506
Total Expense	131,246	118,965	116,556	144,199
Net Ordinary Income	50,792	(15,291)	4,978	122,816
Other Income/Expense				
Other Expense				
8500 . Depreciation & Amort.				
8501 . Depreciation Exp.	17,827	17,827	17,827	17,843
Total 8500 . Depreciation & Amort.	17,827	17,827	17,827	17,843
Total Other Expense	17,827	17,827	17,827	17,843
Net Other Income	(17,827)	(17,827)	(17,827)	(17,843)
Net Income	32,965	(33,118)	(12,849)	104,973

Woodridge of West Tennessee LLC

Profit & Loss

January through August 2016

	<u>TOTAL</u>
Ordinary Income/Expense	
Income	
4000 . Patient Revenue	
4125. Medicare	1,273,265
4200 . Revenue - Commercial	(39,900)
4218. Tenn Medicaid	94,243
Total 4000 . Patient Revenue	1,327,608
5000. A/R Discount	
5002 .Administrative Adjustment	(50,178)
Total 5000. A/R Discount	(50,178)
Total Income	1,277,430
Gross Profit	1,277,430
Expense	
7000 . Gross Salaries	
7001. Payroll	539,279
Total 7000 . Gross Salaries	539,279
7050. Employee Benefits	
7051. Payroll Taxes - FICA	40,139
7052. Payroll Taxes - SUI/FUI	7,965
7071. Health Insurance	17,283
7073. Dental	1,911
7074. Workman's Compensation	17,027
7075. Life Insurance	620
7076. 401k Match	277
7080. HSA Company Contribution	1,276
7090. Employee Activities	152
Total 7050. Employee Benefits	86,650
7100. Professional Fees	
7111. Prof. Fees - Medical Dir	100,000
7120. Prof Fees - H & P	21,000
7130. Prof Fees - Other	3,300
Total 7100. Professional Fees	124,300
7200. Advertising & Marketing	
7211. Marketing Supplies	7,732
7220 . TV Placements	4,861
Total 7200. Advertising & Marketing	12,593
7300. Purchase Services	
7301. Accounting Fees	5,500
7302. Dietary Consultant	910
7304. Housekeep & Maint.	4,075
7305. Lab Work	10,587
7306. Laundry	11,730
7307. Legal Fees	189
7308. Outside Medical Services	7,598
7312. JCAHO	7,203

Woodridge of West Tennessee LLC
Profit & Loss
January through August 2016

	TOTAL
7313. Therapist	850
7320. Transcription	999
7321. Maintenance Agreements	4,431
7325. Psychologist	250
7327. Pre Employment	2,241
7375. Contract Labor - Other	420
Total 7300. Purchase Services	56,983
7380. Recruitment & Relocation	
7381. Recruitment Ads	25
Total 7380. Recruitment & Relocation	25
7400. Food and Supplies	
7401. Office Supplies	3,371
7405. Food Costs	20,706
7406. Dietary Supplies	1,783
7407. Minor Equipment	4,282
7408. Housekeeping Supplies	5,898
7410. Recreation/Activity	1,235
7411. Medical Supplies	8,958
7412. Pharmacy Supplies	60,103
7400. Food and Supplies - Other	24
Total 7400. Food and Supplies	106,360
7500. Travel & Entertainment	
7501. Travel & Mileage	4,972
7502. Meals	505
7503. Conference And Seminars	1,829
7521. Transport Gas	232
7524. Transport Other	986
Total 7500. Travel & Entertainment	8,524
7550. Repair and Maintenance	
7552. R & M Buildings	8,366
Total 7550. Repair and Maintenance	8,366
7580. Rent/Lease	
7581. Rent Equipment	150
Total 7580. Rent/Lease	150
7600. Utilities	
7601. Telephone	285
7602. Telephone Long Distance	72
7603. Electric	5,967
7604. Water	429
7605. Sewer	785
7606. Natural Gas	648
7607. Waste	6,385
7609. Fuel - Generators	23
7610. Mobile Phones	2,314
7612. Cable	84

Woodridge of West Tennessee LLC
Profit & Loss
January through August 2016

	TOTAL
Total 7600. Utilities	16,992
7650. Insurance	
7651. Auto Insurance	739
7654. Professional Insurance	6,212
7655. Property Insurance	625
Total 7650. Insurance	7,576
7680. Bad Debt Expense	
7681. Bad Debt Exp	25,431
Total 7680. Bad Debt Expense	25,431
7700. Property Taxes	
7701. Property Taxes Real	1,304
Total 7700. Property Taxes	1,304
7900. Other Operating Expenses	
7901. Taxes & Licenses	7,229
7902. Resident Supplies	5,331
7906. Overnight Mail	291
7907. Printing & Reproduction	71
7910. Late Fees/Charges	9
7913. Postage	303
Total 7900. Other Operating Expenses	13,234
Total Expense	1,007,768
Net Ordinary Income	269,663
Other Income/Expense	
Other Expense	
8500 . Depreciation & Amort.	
8501 . Depreciation Exp.	140,645
Total 8500 . Depreciation & Amort.	140,645
Total Other Expense	140,645
Net Other Income	(140,645)
Net Income	129,017

WOODRIDGE BEHAVIORAL CARE, LLC AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2015

(With Independent Auditors' Report Thereon)



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INDEPENDENT AUDITORS' REPORT

The Members

Woodridge Behavioral Care, LLC and Subsidiaries:

We have audited the accompanying consolidated financial statements of Woodridge Behavioral Care, LLC and Subsidiaries (collectively the "Company"), which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations, changes in members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Woodridge Behavioral Care, LLC and Subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

LBMC, PC

Brentwood, Tennessee
April 4, 2016

99
WOODRIDGE BEHAVIORAL CARE, LLC AND SUBSIDIARIES

Consolidated Balance Sheet

December 31, 2015

Assets

Current assets:

Cash	\$ 12,092
Accounts receivable, less allowance for doubtful accounts of \$230,386	3,066,390
Other receivables	86,682
Prepaid expenses	<u>426,027</u>
Total current assets	3,591,191

Property and equipment, net	12,558,301
Goodwill	7,600,000
Loan costs, net of accumulated amortization of \$37,034	88,662
Other assets	<u>657,313</u>
	<u>\$ 24,495,467</u>

Liabilities and Members' Equity

Current liabilities:

Current installments of long-term debt	\$ 594,136
Accounts payable	503,260
Accrued expenses and other current liabilities	<u>2,301,285</u>
Total current liabilities	3,398,681

Long-term debt, excluding current installments	<u>9,276,504</u>
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Total liabilities	12,675,185
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Members' equity	<u>11,820,282</u>
	<u>\$ 24,495,467</u>

See accompanying notes to the consolidated financial statements.

100
WOODRIDGE BEHAVIORAL CARE, LLC AND SUBSIDIARIES

Consolidated Statement of Operations

Year ended December 31, 2015

Revenue:	
Net patient revenues before provision for doubtful accounts	\$ 25,821,855
Provision for doubtful accounts	<u>(193,639)</u>
Net revenue	<u>25,628,216</u>
Total operating expenses:	
Salaries and benefits	17,528,114
Purchased services	2,438,367
Supplies	416,643
Rent	710,670
Depreciation and amortization	1,080,989
Travel and entertainment	351,943
Professional services	1,199,256
Repairs and maintenance	333,761
Other expenses	<u>2,206,652</u>
Total operating expenses	<u>26,266,395</u>
Loss from operations	<u>(638,179)</u>
Other expense:	
Interest expense, net	(297,386)
Loss on equity method investments in joint ventures	<u>(78,737)</u>
Total other expense	<u>(376,123)</u>
Net loss	<u>\$ (1,014,302)</u>

See accompanying notes to the consolidated financial statements.

101
WOODRIDGE BEHAVIORAL CARE, LLC AND SUBSIDIARIES

Consolidated Statement of Changes in Members' Equity

Year ended December 31, 2015

	<u>Member Contributions</u>	<u>Retained Earnings</u>	<u>Total Members' Equity</u>
Balance at December 31, 2014	\$ 11,985,960	\$ 826,233	\$ 12,812,193
Contributions from members	-	59,959	59,959
Distributions to members	-	(37,568)	(37,568)
Net loss	<u>-</u>	<u>(1,014,302)</u>	<u>(1,014,302)</u>
Balance at December 31, 2015	<u>\$ 11,985,960</u>	<u>\$ (165,678)</u>	<u>\$ 11,820,282</u>

See accompanying notes to the consolidated financial statements.

102
WOODRIDGE BEHAVIORAL CARE, LLC AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended December 31, 2015

Cash flows from operating activities:	
Net loss	\$ <u>(1,014,302)</u>
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	1,080,989
Provision for doubtful accounts	193,639
Gain on disposal of property and equipment	(1,700)
Equity in loss of joint ventures	78,737
Increase in operating assets:	
Receivables	(469,623)
Prepaid expenses	(159,176)
Other assets	(806)
Increase in operating liabilities:	
Accounts payable	94,570
Accrued expenses and other current liabilities	<u>426,581</u>
Total adjustments	<u>1,243,211</u>
Net cash provided by operating activities	<u>228,909</u>
Cash flows from investing activities:	
Purchases of property and equipment	(882,512)
Investment in joint ventures	(28,163)
Distributions from joint ventures	<u>68,614</u>
Net cash used by investing activities	<u>(842,061)</u>
Cash flows from financing activities:	
Proceeds from line of credit, net	154,997
Proceeds from member notes	500,000
Proceeds from related party note	500,000
Proceeds from long-term debt	31,931
Payments of long-term debt	(593,648)
Contributions from members, net	<u>22,391</u>
Net cash provided by financing activities	<u>615,671</u>
Increase in cash	2,519
Cash at beginning of year	<u>9,573</u>
Cash at end of year	\$ <u>12,092</u>

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

December 31, 2015

(1) Nature of operations

Woodridge Behavioral Care, LLC and Subsidiaries (collectively, the "Company" or "Woodridge") was formed on June 24, 2011 to provide comprehensive psychiatric treatment to children and adolescents. During 2015, the Company opened a 24-bed acute care unit for children, adolescents and adults in West Memphis, Arkansas and a 16-bed senior adult psychiatric unit in Jackson, TN. The Company currently serves patients in Arkansas, Missouri and Tennessee. The Company's corporate office is located in Madison, Tennessee.

(2) Summary of significant accounting policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of all of the Company's wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

(b) Accounts receivable

The Company receives payment for services rendered from federal and state agencies (including Medicaid or other state programs), private insurance carriers, managed care programs and patients. The Company states patient accounts receivable for services rendered at net realizable amounts. The Company manages receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The Company records an allowance for uncollectible accounts on a weighted scale based on days outstanding. As a service to the patients, Woodridge bills third-party payers directly and bills the patients when the patient's liability is determined. Patient accounts receivable are due in full when billed. Delinquent accounts are turned over to a third party collection agency, and any subsequent recoveries are recognized in the period received.

(c) Property and equipment

Property and equipment are stated at cost or the value on the date of contribution. Depreciation and amortization are provided over the assets' estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of their estimated lives or the respective lease term. Buildings and improvements are generally depreciated over thirty years. Automobiles are generally depreciated over five years and furniture and fixtures are generally depreciated over three to five years.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation or amortization are removed from the accounts, and the resulting gain or loss is included in operations.

Notes to the Consolidated Financial Statements

December 31, 2015

(d) Goodwill

The Company reviews goodwill for impairment on an annual basis or more frequently if impairment indicators arise. In the event goodwill is considered to be impaired, a charge to earnings would be recorded during the period in which management makes such impairment assessment.

(e) Loan costs

Loan costs are amortized on a straight-line basis over the term of the related loans.

(f) Investment in joint ventures

Other assets include investments in joint ventures of \$650,812. The Company accounts for its investments using the equity method. Under the equity method, the investments are initially recorded at cost and are increased or decreased by the Company's share of the net earnings or losses since acquisition. The carrying value is reduced by any distributions received from the joint ventures.

(g) Net patient service revenue

Substantially all revenues of the Company are derived from comprehensive psychiatric treatment to residential, inpatient and outpatient patients. It is the Company's policy to recognize revenues as services are provided to patients. In accordance with professional standards, revenues are reported at the estimated net realizable amount from patients, third-party payors and others for services rendered.

The Company has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Company under these arrangements includes global payment rates, prospectively-determined rates per patient day and discounts from established charges.

(h) Income taxes

The Company is organized as a limited liability company and is taxed as a partnership for federal and state income tax purposes. Under federal and state income tax provisions, the Company is not subject to income taxes on its taxable income. Instead, the Company's income and loss pass through to the members and are taxed at the individual level. Certain subsidiaries in Arkansas, Missouri and Tennessee, however, are subject to various state income taxes. State income taxes are not material to the Company.

Notes to the Consolidated Financial Statements

December 31, 2015

Under generally accepted accounting principles, a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax purposes not meeting the "more likely than not" test, no tax benefit is recorded. The Company has no material uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

As of December 31, 2015, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company files U.S. Federal and various state income tax returns. The Company is generally open to audit under that statute of limitations by the Internal Revenue Service and various states for the periods ended December 31, 2012 through 2014.

(i) Advertising costs

Advertising costs are expensed as incurred.

(j) Equity incentive compensation

The Company has a unit option plan, which is described more fully in Note 13. Equity based compensation cost is measured at the grant date based upon the fair value of the award and is recognized as expense on a straight line basis over the requisite service period, which is generally the vesting period.

(k) Realization of long-lived assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(l) Use of estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to the Consolidated Financial Statements

December 31, 2015

(m) New accounting pronouncements

In January 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-02, *Intangibles - Goodwill and Other* ("ASC 2014-02"). This update allows certain entities to elect an accounting alternative to amortize goodwill on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates that another useful life is more appropriate. An entity that elects the accounting alternative is further required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. Goodwill would be tested for impairment when a triggering event occurs that indicates that the fair value of the entity (or a reporting unit) may be below its carrying value. The accounting alternative, if elected, would be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014. The Company elected not to adopt this pronouncement.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which created a global, comprehensive revenue recognition model. This accounting standard amends substantially all current revenue recognition guidance by providing a single framework for addressing revenue recognition issues and improving comparability of application across all entities and industries. The standard affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. Under the standard, an entity should follow a five step model in order to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, ASU No. 2015-04, *Revenue from Contracts with Customers* ("ASU 2015-04"), was issued which deferred the effective date of ASU 2014-09 by one year. This standard is now effective for financial statements for fiscal years beginning after December 15, 2018. Therefore, the Company expects to adopt this standard at the beginning of fiscal year 2019. The Company is currently assessing the impact of adopting this accounting standard.

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest* ("ASU 2015-03"). ASU 2015-03 simplifies the presentation of debt issuance costs. Under this amendment, costs related to issuing debt will be presented on the balance sheet as a direct deduction from the debt liability rather than recorded as a separate asset, consistent with the presentation of a debt discount. The guidance in ASU 2015-03 is effective for nonpublic companies for fiscal years beginning after December 15, 2015 and can be early adopted. Management elected not to early adopt the provisions of ASU 2015-03 for the year ended December 31, 2015.

Notes to the Consolidated Financial Statements

December 31, 2015

The FASB's new lease accounting standard, which was issued on February 25, 2016, will generally require on-balance sheet recognition for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right-of-use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of operations). Most existing operating leases will remain as operating leases (that is, recognizing a single total lease expense). Both finance leases and operating leases will result in the lessee recognizing a ROU asset and a lease liability. The new leasing standard is effective for nonpublic companies for fiscal years beginning after December 15, 2019, with required retrospective application to prior years. The Company is currently assessing the impact of adopting this accounting standard.

(n) Fair value measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3). The Company does not have any fair value measurements using significant unobservable inputs (Level 3) as of December 31, 2015.

(o) Events occurring after reporting date

The Company has evaluated events and transactions that occurred between December 31, 2015 and April 4, 2016, which is the date that the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements and determined no additional disclosures were necessary.

(3) Credit risk and other concentrations

The Company may maintain cash on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash.

The Company grants credit without collateral to its patients, most of whom are individuals that are insured under third-party payor agreements. Substantially all of the Company's revenues and accounts receivable were from participation in Medicaid and other state programs.

Notes to the Consolidated Financial Statements

December 31, 2015

(4) Investment in joint ventures

During 2012, the Company entered into a joint venture with other investors to own and operate a real estate entity. The Company contributed approximately \$700,000 in cash to the joint venture prior to 2015 for an ownership interest of approximately 33% as of December 31, 2015. The joint venture used the contributions by investors to purchase and develop real estate in Arkansas.

During 2014, the Company entered into a joint venture with other investors to own and utilize an airplane. The Company contributed approximately \$70,000 in cash to the joint venture for their initial investment and for an ownership interest of 25% as of December 31, 2014. An additional \$28,163 was invested during 2015.

Summary unaudited information for both joint ventures as of December 31, 2015 and for the year then ended, is as follows:

Total assets	\$ 8,948,000
Total liabilities	\$ 7,414,000
Net loss	\$ 262,000

During 2015, the real estate joint venture completed construction of the facility in West Memphis, Arkansas. The Company leases the building from the real estate joint venture. Rental payments to the real estate joint venture were approximately \$600,000 during 2015 and are expected to be approximately \$924,000 each year through 2030. The Company received distributions from the joint venture of approximately \$69,000 during 2015.

At December 31, 2015, the real estate joint venture owed the Company approximately \$55,000 for various expenses the Company paid on behalf of the joint venture.

(5) Property and equipment

A summary of property and equipment as of December 31, 2015 is as follows:

Land	\$ 595,000
Buildings and improvements	11,169,853
Leasehold improvements	3,064,551
Transportation equipment	334,300
Furniture and fixtures	<u>1,033,602</u>
	16,197,306
Less accumulated depreciation	<u>3,639,005</u>
	<u>\$ 12,558,301</u>

Notes to the Consolidated Financial Statements

December 31, 2015

(6) Line of credit

The Company has a \$2,000,000 line of credit available with a bank. Borrowings of \$800,997 were outstanding under the line of credit at December 31, 2015. Borrowings under the line of credit bear interest, payable monthly, at an annual interest rate equal to 30-day LIBOR plus 275 basis points, with a floor of 3.25% (3.25% at December 31, 2015) and matures in May 2017. The line of credit is secured by substantially all assets of the Company and places certain restrictions and limitations upon the Company (see Note 7).

(7) Long-term debt

A summary of long-term debt as of December 31, 2015 is as follows:

Term loan to bank; interest at an annual rate equal to 30-day LIBOR plus 275 basis points, with a floor of 3.25% (3.25% at December 31, 2015); monthly principal payments of \$41,178 plus accrued interest with all unpaid principal and interest due May 2019; secured by substantially all assets of the Company.	\$ 6,627,976
Term loan to bank; interest at an annual rate equal to 30-day LIBOR plus 275 basis points, with a floor of 3.25% (3.25% at December 31, 2015); monthly principal payments of \$8,333 plus accrued interest with all unpaid principal and interest due May 2019; secured by substantially all assets of the Company.	1,441,667
Subordinated promissory notes to members; monthly interest only payments at a fixed annual rate equal of 10%; all outstanding principal and interest due December 2020; unsecured.	500,000
Subordinated promissory note to related party; monthly interest only payments at a fixed annual rate equal of 10%; all outstanding principal and interest due December 2020; unsecured.	500,000
Line of credit (see Note 6)	<u>800,997</u>
Total long-term debt	9,870,640
Less current installments	<u>594,136</u>
Long-term debt, excluding current installments	\$ <u>9,276,504</u>

Notes to the Consolidated Financial Statements

December 31, 2015

Payments of principal and interest on the notes to members and a related party are subordinated to the bank term loans and line of credit as defined in the agreements. In addition, the notes are subject to call rights by the Company and put rights by the lender. Should either of those rights be executed, the notes are subject to a prepayment premium at an additional interest rate of 5% (15% total).

A summary of approximate future maturities of long-term debt as of December 31, 2015, is as follows:

<u>Year</u>	
2016	\$ 594,136
2017	1,395,133
2018	594,136
2019	6,287,235
2020	<u>1,000,000</u>
	<u>\$ 9,870,640</u>

The provisions of the line of credit (see Note 6) and the long-term debt require the maintenance of certain covenants. The Company was not in compliance with certain financial covenants at December 31, 2015. The default was waived and the lender has amended certain financial covenants. The Company was in compliance with the revised covenants. Based on an estimate of 2016 financial position and operations prepared by management, the Company expects to be in compliance with its amended covenants through December 31, 2016.

(8) Employee benefit plan

The Company sponsors a 401(k) plan covering substantially all employees. Company contributions are made at management's discretion. The Company contributed approximately \$91,000 to the plan in 2015.

(9) Income taxes

Deferred income taxes are provided for the temporary differences between the financial reporting basis and tax basis of the Company's assets and liabilities. At December 31, 2015, the Company has approximately \$3,519,000 of Tennessee state net operating losses available to offset future taxable income. The net operating loss carryforwards begin to expire in 2022. Deferred tax assets of approximately \$229,000 at December 31, 2015, which relate to the net operating losses, have not been reflected within the accompanying consolidated balance sheet due to the establishment of a full valuation allowance. The valuation allowance was established to reduce the deferred income tax assets to the amount that will more likely than not be realized. This reduction is provided due to the uncertainty of the Company's ability to utilize the net operating loss carryforwards before they expire.

Notes to the Consolidated Financial Statements

December 31, 2015

(10) Lease commitments

The Company utilizes various office space, healthcare facilities and equipment under operating leases. Rent expense under these leases amounted to approximately \$711,000 in 2015. A summary of approximate future minimum payments under these leases, substantially all of which is with a related party (see Note 4), as of December 31, 2015 is as follows:

<u>Year</u>	
2016	\$ 943,000
2017	935,000
2018	926,000
2019	926,000
2020	924,000
Thereafter	<u>8,471,000</u>
	<u>\$ 13,125,000</u>

(11) Contingent liabilities

General liability

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on these consolidated financial statements.

Healthcare Industry

The delivery of personal and health care services entails an inherent risk of liability. Participants in the health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The Company and its subsidiaries are insured with respect to medical malpractice risk on a claims-made basis. The Company also maintains insurance for general liability, director and officer liability and property. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the Company indemnifies certain officers and directors for actions taken on behalf of the Company and its subsidiaries. Management is not aware of any claims against the Company or its subsidiaries which would have a material financial impact.

Notes to the Consolidated Financial Statements

December 31, 2015

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Recently, government activity has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Healthcare Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act ("collectively, the "Health Care Reform Legislation"). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation became effective in 2014. Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. The Company does not anticipate a significant impact to occur for the Medicaid population. While the full impact of Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance and managed competition may materially impact the Company's operations.

(12) Related party transactions

The Company paid a related party fees for certain counseling, casework and administrative support services amounting to approximately \$975,000 in 2015.

The Company has notes payable to members of the Company totaling \$500,000. The Company also has a note payable to a related party totaling \$500,000 at December 31, 2015.

Notes to the Consolidated Financial Statements

December 31, 2015

(13) Unit option plan

The Company may grant unit options under the Woodridge Behavioral Care LLC 2011 Unit Option Plan (the "Plan"). The Plan is designed to promote the interest and long-term success of the Company by granting non-voting unit options to selected employees. The Plan is administered by the Company and 200,000 non-voting unit options are available to be issued, of which 116,500 have been issued at December 31, 2015. Under the Plan, the Company has the sole discretion to grant unit options with exercise prices determined at the time of grant but not less than the fair market value of the units at the date of grant. The unit option term and vesting period will be determined at the date of grant. The Company did not recognize compensation costs during 2015 as management determined it was not material to the consolidated financial statements.

(14) Supplemental disclosures of cash flow statement information

Interest paid	\$ <u>294,442</u>
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**Attachment B. Contribution to Orderly Development.4.A.
Current License and Accreditation**

**Attachment B. Contribution to Orderly Development.4.B.
Survey and Plan of Correction**



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
West Tennessee Regional Office of Licensure

951 Court Avenue
 MEMPHIS, TENNESSEE 38103

BILL HASLAM
 GOVERNOR

E. DOUGLAS VARNEY
 COMMISSIONER

COMPLIANCE EVENT STATUS REPORT

LICENSEE: Woodridge of West Tennessee, LLC DBA Oak Hills Behavioral Center 49 Old Hickory Blvd	Licensee ID: 1915	FACILITY: Woodridge of West Tennessee, LLC DBA Oak Hills Behavioral Center 49 Old Hickory Blvd	Site ID: 4768
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NOTICE TO LICENSEE: A review has been completed of your recently submitted plan of compliance. The approval status given your plan is indicated below. Read the approval status given below carefully. This approval status form and your plan of compliance should become part of your records.

DATE OF NOTICE / REPORT: 03/21/16

DATE OF ASSOCIATED NOTICE OF NON-COMPLIANCE: 2/9/16

COMPLIANCE EVENT & DATE: Annual Inspection 2/2/16

Site ID:4768 Event ID:7,162

I. REVIEW OF PLAN OF NON-COMPLIANCE COMPLETED BY:

Sandy Randle, West Tennessee Licensure

II. APPROVAL STATUS OF PLAN OF NON-COMPLIANCE:

POC Approved

Your plan of compliance has been accepted. You are expected to meet the terms of your plan. Re-inspection may be conducted to verify compliance. With re-inspection, you will incur a \$50 re-inspection fee.

EVENT SUMMARY

09450-5-02 Licensure Administration and Procedures	0 deficiencies
09450-5-04-.02 Life Safety: HealthCare Occupancies	1 deficiency
09450-5-04-.09 Life Safety: Mobile Non-ambulatory	0 deficiencies
09450-5-05-.02 Adequacy of Facility Environment and Ancillary Services (ALL FACILITIES)	7 deficiencies
09450-5-05-.03 Adequacy of Facility Environment & Ancillary Services (RESIDENTIAL)	1 deficiency
09450-5-05-.05 Adequacy of Facility Environment & Ancillary Services (FOOD SERVICE)	0 deficiencies
09450-5-05-.06 Adequacy of Facility Environment & Ancillary Services (TRANSPORTATION)	0 deficiencies
09450-5-06 Program Requirements for All Services and Facilities (DEEMED)	1 deficiency
09450-5-16 Mental Health Hospital Facilities	2 deficiencies
09450-5-16 Mental Health Hospital Facilities (DEEMED)	0 deficiencies



STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
West Tennessee Regional Office of Licensure

951 Court Avenue
MEMPHIS, TENNESSEE 38103

BILL HASLAM
GOVERNOR

F. DOUGLAS CARNEY
COMMISSIONER

LICENSURE NOTICE OF NON-COMPLIANCE

TO: Woodridge of West Tennessee, LLC DBA Oak Hills Behavioral Center
49 Old Hickory Blvd
Jackson, TN 38305

DATE OF NOTICE:
February 09, 2016
Page 1 of 5

FACILITY IN NON-COMPLIANCE:

Woodridge of West Tennessee, LLC DBA Oak Hills Behavioral Center
49 Old Hickory Blvd
Jackson, TN 38305

Plan of Compliance due by: 2/23/16

Site ID: 4768

EVENT & DATE RESULTING

IN THIS NOTICE:
Annual Inspection
February 2, 2016

NOTICE TO LICENSEE: The facility above has been found to be non-compliant with the rule(s) listed herein. You must provide a plan for complying with each rule cited. Your plan of compliance may be specified in the space provided below or by separate document. If a separate document, your plan should reference each rule by item or rule number, must include the date by which you will be compliant, and an authorizing signature. Your plan must be received by the TDMHSAS regional office listed above by the date indicated herein.

PLEASE RETAIN A COPY OF YOUR PLAN OF COMPLIANCE UPON SUBMISSION
IT WILL NOT BE RETURNED TO YOU BY THIS OFFICE

Re-inspection may be conducted to verify compliance. With re-inspection, you will incur a \$50 re-inspection fee.

YOUR PLAN OF COMPLIANCE MUST BE RETURNED NO LATER THAN: February 23, 2016

Item Rule Number

Rule Description & Findings

event ID: 7,162

0940-5-4 Life Safety Licensure Rules

0940-5-4-.02 HEALTH CARE OCCUPANCIES

0940-5-4-.02(2) Criteria. For the purpose of life safety facilities required to meet Health Care Occupancies must comply with the applicable standards of the Life Safety Code of the National Fire Protection Association, 1985 Edition, Health Care Occupancies, Chapter 12 (new) or Chapter 13 (existing) or equivalent standards hereafter adopted by the Office of the State Fire Marshal.

* critical *

- 1 **Fire drills documented as being conducted during the 3rd shift actually occurred prior to or after the end of the 3rd shift, resulting in no drills being conducted during 3rd shift (11P-7A).**

Licensee's Planned Date of Completion: 02 / 17 / 16

2.754

Licensee's Plan of Compliance (use a separate page if more space is needed):

Fire Drill to be conducted between 11pm-7am on or before 2/17/16 with the 3rd shift being (11pm-7a) to included in quarterly drills.

0940-5-5 Adequacy of Facility Environment and Ancillary Services

0940-5-5-.02 GENERAL ENVIRONMENTAL REQUIREMENTS FOR ALL FACILITIES.

0940-5-5-.02(1) The facility must be maintained in a safe manner and a continuing effort made to eliminate potential hazards.

- 2 **Lint from more than one load of clothes was in the lint trap of the dryer, creating a potential fire hazard.**

Licensee's Planned Date of Completion: 02 / 04 / 16

2.552

Item Rule Number Rule Description & Findings

event ID: 7,162

0940-5-5 Adequacy of Facility Environment and Ancillary Services

	<p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>Psychiatric Care Technicians on all shifts have been instructed to clean the lint trap after every load. The lint trap will be checked at the change of each shift to ensure compliance. The charge nurse on each shift is responsible for assigning and reviewing task assigned to Psychiatric Care Tech at the end of his/her shift. See attached assignment sheet. Sign to be posted above dryer reminding staff to clean the lint trap after every load.</p> <p>0940-5-5-.02(1) The facility must be maintained in a safe manner and a continuing effort made to eliminate potential hazards.</p>	
3	<p>A partially used bottle of milk was in the refrigerator in the nutrition room.</p> <p>Licensee's Planned Date of Completion: 0 2 / 0 4 / 1 6 4,588</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>All staff have been instructed to discard any and all unused food/liquids for patients after each meal/snack. Patient refrigerator will be checked at the beginning of each shift by charge nurse for compliance.</p>	
4	<p>0940-5-5-.02(1) The facility must be maintained in a safe manner and a continuing effort made to eliminate potential hazards.</p> <p>A table in the activity room was missing a caster and had been propped up on a stack of magazines, creating a potential hazard.</p> <p>Licensee's Planned Date of Completion: 0 2 / 0 4 / 1 6 4,589</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>Table in activity room was removed. Missing coaster to be replaced at which time table will be returned to activity room.</p>	
5	<p>0940-5-5-.02(1) The facility must be maintained in a safe manner and a continuing effort made to eliminate potential hazards.</p> <p>One of the ceiling tiles in the dirty linen room was covered with a thick accumulation of a black substance (mold?).</p> <p>Licensee's Planned Date of Completion: 0 2 / 0 3 / 1 6 4,590</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>The Ceiling tiles were immediately replaced. Environment rounds will be done each month by facilities Manager at which time repairs will be made. Psychiatric Care Technicians will do daily rounds and report any necessary issues/repairs to unit clerk who will submit work order.</p>	
6	<p>0940-5-5-.02(2) The facility must be maintained in a sanitary and clean condition, free from all accumulation of dirt and rubbish, well-ventilated, and free from foul, stale or musty odors.</p> <p>The sink in the laundry room was dirty.</p>	

Item Rule Number

Rule Description & Findings

event ID 7,162

0940-5-5 Adequacy of Facility Environment and Ancillary Services

	Licensee's Planned Date of Completion: 0 2 / 0 3 / 1 6 Licensee's Plan of Compliance (use a separate page if more space is needed): Environmental service technician to complete checklist daily, making note of any task not completed. Director of Nursing to monitor for compliance. Environmental rounds to be completed each shift by charge nurse and psychiatric care technician. Any uncleaned or dirty areas will be reported and addressed immediately.	2,553
7	0940-5-5-.02(2) The facility must be maintained in a sanitary and clean condition, free from all accumulation of dirt and rubbish, well-ventilated, and free from foul, stale or musty odors. The toilet bowl in #5 was dirty. Licensee's Planned Date of Completion: 0 2 / 0 3 / 1 6 Licensee's Plan of Compliance (use a separate page if more space is needed): see above compliance plan and attached environmental checklist for daily cleaning	4,584
8	0940-5-5-.02(2) The facility must be maintained in a sanitary and clean condition, free from all accumulation of dirt and rubbish, well-ventilated, and free from foul, stale or musty odors. Dead bugs were in the ceiling light in the conference room. Licensee's Planned Date of Completion: 0 2 / 0 5 / 1 6 Licensee's Plan of Compliance (use a separate page if more space is needed): dead bugs removed and ceiling light clean. Daily and monthly environmental rounds to be done. Staff to notify unit clerk of any immediate repairs. Unit clerk to submit work order and follow-up for compliance.	4,585
9	0940-5-5-.03 ENVIRONMENTAL REQUIREMENTS FOR RESIDENTIAL FACILITIES. Bathrooms must be provided within the facility which are equipped as follows: 0940-5-5-.03(4)(e) Adequate and sanitary soap and towels provided at each lavatory; and Towels were not provided at the lavatory in Bedroom #4. Licensee's Planned Date of Completion: 0 2 / 0 3 / 1 6 Licensee's Plan of Compliance (use a separate page if more space is needed): see compliance plan listed in section six and attached environmental checklist for daily cleaning.	2,588
0940-5-6 Program Requirements for All Facilities		
0940-5-6-.01 GOVERNANCE REQUIREMENTS FOR ALL FACILITIES.		

0940-5-6 Program Requirements for All Facilities

10	0940-5-6-.01(1) The governing body must ensure that the facility complies with all applicable federal, state, and local laws, ordinances, rules, and regulations.	
	<p>There was no documentation of a criminal background check within 10 days of employment or check of the TN Abuse Registry prior to providing direct care in the personnel record for Dr. Akinwumiju.</p> <p>Licensee's Planned Date of Completion: 0 2 / 0 5 / 1 6 2.655</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>Dr Akinwumiju has signed consent and release forms for background. Background check in progress. to conduct monthly personnel audits to monitor and ensure compliance.</p>	

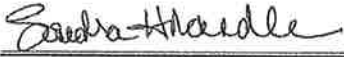
0940-5-16 Mental Health Hospital Facilities

	0940-5-16-.15 HOSPITAL CENTRAL STERILE SUPPLY AND CONTROL	
	0940-5-16-.15(10) Storage must be provided for keeping equipment and supplies in a clean, convenient and orderly manner.	
11	<p>Patient supplies were stored in a storage room in a haphazard manner.</p> <p>Licensee's Planned Date of Completion: 0 2 / 0 5 / 1 6 241</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>Storage room has been cleaned and organized. inventory list developed to ensure proper stock for space. review of storage room to be added to environmental rounds to ensure it remains neat and organized.</p>	
	0940-5-16-.16 HOSPITAL LAUNDRY PLAN REQUIREMENTS	
	<p>The laundry facility within the hospital must comply with the following:</p> <p>0940-5-16-.16(1)(e) Space must be provided for storage of clean linen within nursing units and for bulk storage within a clean area of the hospital;</p>	
12	<p>Bags of clean linen had been left in an empty patient's bedroom on the beds rather than an area designated only for bulk storage of clean linen.</p> <p>Licensee's Planned Date of Completion: 0 2 / 0 4 / 1 6 249</p> <p>Licensee's Plan of Compliance (use a separate page if more space is needed):</p> <p>clean linen was removed and returned to laundry company. inventory list developed to ensure that the right quantity of linen is ordered to accommodate the designated space for storage of linen.</p>	

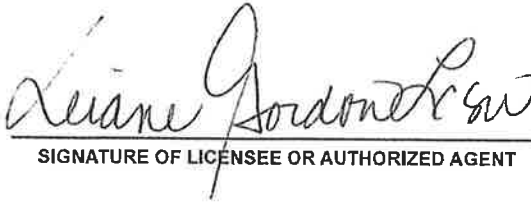
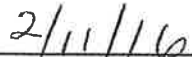
NOTICE TO: Woodridge of West Tennessee

Date: 02/09/2016 Page 5 of 5

Please contact me if you have questions.



Sandy Randle
West Tennessee Surveyor


SIGNATURE OF LICENSEE OR AUTHORIZED AGENT

DATE OF SIGNATURE

NOTICE TO LICENSEE: Please note that the finding of deficiencies herein may subject you to Department issued civil penalties, pursuant to Tenn. Code Ann. § 33-2-409. Civil penalties are issued based off of the severity of the violation(s) or the repeat offense of such violation(s). A department representative will contact you, pursuant to Tenn. Code Ann. § 33-2-411, if you are subject to such a sanction.

Proof of Publication

Supplemental #1 -COPY-

Woodridge of West
Tennessee

CN1610-037

October 27, 2016

12:44 pm

Sarah L. Tally
(615) 238-6332 Phone
(615) 687-8332 Fax
stally@bonelaw.com

October 27, 2016

Phillip M. Earhart
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

RE: Certificate of Need Application CN1610-037
Woodridge of West Tennessee, LLC

Dear Mr. Earhart:

Woodridge of West Tennessee's responses to your questions are below. Please do not hesitate to contact me or Ms. Hunt if you have additional questions.

Sincerely,



Sarah Lodge Tally

October 27, 2016**12:44 pm****1. Section A. , Executive Summary, (1)**

Please specify the age range and gender of patients who will be admitted to the proposed pediatric inpatient unit.

The unit will accept patients of both gender between the ages of 5 and 17. Very occasionally, there is the need for inpatient care for a younger child. The unit would accept those children but does not anticipate any significant volume of patients under the age of 5.

Please clarify if children in state custody will be admitted to the adolescent unit.

Yes, children in state custody will be admitted. Through its related residential treatment center, the applicant has a strong working relationship with the Department of Children's Services.

Please clarify if the proposed pediatric unit will serve those that are dually diagnosed with a psychiatric and chemical dependency diagnosis.

Yes, the unit will serve children with a dual diagnosis, if the primary diagnosis is psychiatric. The unit will not accept patients in need of detoxification or with a primary diagnosis of chemical dependency.

Please clarify if the applicant will also offer pediatric/adolescent partial hospitalization and intensive outpatient programs.

The applicant will not offer partial hospitalization or intensive outpatient programs at this time. It is anticipated that the community may offer that resource in the near future.

Please clarify if the proposed hospital will admit patients with intellectual disabilities.

Yes, the hospital will admit patients with intellectual disabilities on a case-by-case basis, depending on the hospital's ability to meet the patient's needs.

Please describe the support services and hotel services needed to operate a pediatric unit that are already in place within the applicant's facility.

The pediatric unit will share and supplement certain support services with the geriatric unit. These services will include: housekeeping, maintenance, dietary, business office support, performance improvement activities, and human resources.

What is the age of the wing that will house the proposed 16 bed pediatric inpatient unit?

The building is approximately 40 years old. The area that will house the proposed pediatric unit will undergo a major renovation to allow for a state of the art facility with a focus on an environment that promotes and enhances safety.

What is the name of the former acute hospital located on the applicant's current campus?

Regional Hospital of Jackson was previously located on the applicant's current campus.

Please clarify if the space where the proposed 16 pediatric inpatient psychiatric was previously licensed by the Department of Mental Health and Substance Abuse Services or the Department of Health.

The hospital has been licensed by the Department of Health in the past. This space is currently a donated space for a women's homeless shelter. With support from the applicant and the Community, the shelter is relocating its services, and the space will be renovated to become the new 16-bed pediatric inpatient psychiatric unit.

Please clarify if pediatric and adolescent patients will be segregated.

This unit will be a total of 16-beds on one unit. The operational and clinical separation of age groups is very important to enhance the most positive clinical outcome. There will be separate areas for day room activities, and general programming. Additionally, the children may all eat at the same time but would be segregated by ages at their tables. In order to share bedrooms, patients cannot be more than three years apart in age.

2. Section A. Facility Owner

Please list the members and each member's percentage of ownership of the following four legal entities:

1. REP Perimeter Holdings, LLC

REP PH II, L.P.	90.92%
Ridgemont Equity Partners Affiliates II-B, L.P.	0.83%
H. Neil Campbell	5.12%
Campbell Family 2011 Gift Trust Dtd 10/3/11	2.12%
Mike White	0.52%
Rod Laughlin	0.40%
Bill Mohon	0.10%

2. REP WR Holdings, LLC – 100% owned by REP Perimeter Holdings, LLC
3. Woodridge Behavioral Care, LLC – 100% owned by REP WR Holdings, LLC
4. Woodridge of Tennessee, LLC – 100% owned by Woodridge Behavioral Care, LLC
5. Woodridge of West Tennessee, LLC – 100% owned by Woodridge of Tennessee, LLC

3. Section 6B.(1) Plot Plan

The plot plan is noted. However, the plot plan is not legible. Please provide a legible **simple** line drawing that includes all the required elements.

A revised plot plan is attached.

Please clarify if there will be a secured area for triage and assessment.

Behavioral health services typically do not triage patients. Once a patient presents for admission at the facility, the patient will be taken to a secured area for assessment. If the assessment reveals that inpatient treatment is required then the complete admission process will continue at that time. If the patient does not meet medical necessity for admission then they would be provided with other outpatient treatment recommendations and released into the custody of the legal guardian.

Please clarify if the proposed psychiatric unit will have a restraint room.

The applicant will not utilize mechanical restraints for this population; therefore there will be no restraint room.

Please indicate if the proposed pediatric unit will be secured.

The pediatric unit will be secured with key-locked doors, accessible by appropriate staff members.

4. Section 6B. (2) Floor Plan

The floor plan is noted. However, please indicate where patients will dine, participate in recreational and leisure activities, and receive educational services.

Group Room 2, show on the attached floor plan will serve as group meeting space and as the dining area. Both Group Room 1 and 2 will serve as recreational and leisure areas, when not being used for group therapy or dining.

5. Section 9. Medicare/TennCare Participation

Please clarify if the applicant will contract with TennCare Select.

The applicant will contract with TennCare Select.

6. Section B, Need, Item I.a. (Psychiatric Inpatient Services-Service Specific Criteria-)

Please note revised Psychiatric Inpatient Services Standards and Criteria were recently approved. The criteria is located at the following web-site:

http://tennessee.gov/assets/entities/hsda/attachments/FINAL_Certificate_of_Need_Standards_and_Criteria_for_Psychiatric_Inpatient_Services.pdf

Please address the Psychiatric Inpatient Service Specific Criteria by listing each question and providing a response underneath.

1. Determination of Need

The guideline for inpatient psychiatric beds is 30 beds per 100,000 general population. The applicant proposes serving pediatric patients. Because data is not broken down by specific age groups, the applicant uses ages 0-19 to determine bed need in the service area. There are no pediatric inpatient beds in the proposed service area. The nearest inpatient pediatric psychiatric beds are in Memphis and Nashville. The pediatric population of the service area is 113,107, which means there is a need for 33.9 beds under the guideline.

2. Additional Factors

The applicant will serve the TennCare population. Given that the proposed project is a pediatric project, there will be almost no indigent care because virtually all children will be covered by TennCare if they do not have commercial insurance. The applicant is committed to serving all children who need treatment.

The applicant will not have specialty beds but will treat patients with co-occurring chemical dependency, as long as the primary diagnosis is psychiatric. The applicant will serve patients with intellectual disabilities. Patients with an IQ below 70 will be evaluated on a case-by-case basis to ensure that the facility can properly meet the needs of the patient. The facility will not accept patients for whom it cannot provide optimal care.

The applicant has strong relationships with community providers. It has a transfer agreement with Jackson-Madison County General Hospital. The community does not yet have intensive outpatient treatment or partial hospitalization, but the applicant expects that resource to be available in the community in the near future. The applicant's parent company has a residential treatment center on the same campus in Jackson, and the applicant and its sister facility work closely with primary care physicians and pediatric mental health professionals in the area.

The state mental health institutes do not accept pediatric patients, so no patients at the proposed unit could otherwise be treated at a state mental health institute. The applicant does contract with the Department of Mental Health and Substance Abuse Services to provide inpatient care for children in state custody.

3. Incidence and Prevalence

The only available data is the County and Region Behavioral Health Prevalence Estimates from the Department of Mental Health and Substance Abuse Services. According to that data, incidence of a major depressive episode for children ages 12-17 in the proposed service area is in line with rates statewide.

4. Planning Horizon

The projected pediatric population of the service area in 2018 is 112,685, which shows a need for 33.8 beds under the guidelines. The projected pediatric population of the service area in 2019 is 127,351, which shows a need for 38.2 beds under the guidelines. (Note: the demographic data is broken down in categories that include through age 19. There is no way to isolate the data for 17 year olds.)

5. Establishment of Service Area

The applicant's projected service area is based on the applicant's existing geriatric service area and the additional underserved areas of west Tennessee. There are no pediatric inpatient beds in rural west Tennessee. The applicant believes that more patients will be able to access inpatient psychiatric services if those services are available closer to the patients' homes. The applicant did not include the immediate border counties to Shelby and Davidson in the service area because the applicant assumes that patients in those counties would prefer to receive services in Memphis or Nashville. The facility is easily accessible to residents in Jackson and Madison County via bus lines. In addition, the facility is near Interstate 40 and major state highways, making it accessible to patients from the surrounding areas. None of the proposed service area is greater than 90 miles from Jackson.

6. Composition of Services

The applicant will treat patients will co-occurring chemical dependency if the primary diagnosis is psychiatric. Additionally, the applicant will be able to treat patients with some medical co-morbidities. The applicant will not take a patient if the applicant cannot provide the appropriate level of care for the patient. The applicant has a transfer agreement with Jackson-Madison County General Hospital in the event that a patient needs more intensive medical care than the applicant can provide.

7. Patient Age Categorization

The applicant will serve children and adolescents. The applicant anticipates that the youngest children will be around 5 years old, but, in rare instances, there could be child patients under age 5.

8. Services to High-Need Populations

The applicant will serve children and adolescents who currently have to travel to Nashville or Memphis to receive treatment. The applicant will serve all pediatric patients, regardless of insurance status; although, the applicant assumes that most pediatric patients will be covered either by TennCare or commercial insurance. The applicant will take children who are in state custody and children who are involuntarily committed.

9. Relationship to Existing Applicable Plans

The proposed project will serve an underserved area of the state. Rural west Tennessee currently has no pediatric, inpatient psychiatric beds. The nearest beds are in Memphis and Nashville. This project will add 16 beds to the service area. Additionally, the population of the service area is poorer than the state overall. The project will not affect any state mental health hospitals because the state mental health hospitals do not treat pediatric patients. The applicant works closely with the Department of Children's

October 27, 2016**12:44 pm**

Services to take patients who are in state custody. The applicant will participate in TennCare and anticipates that a high percentage of patients will be TennCare patients.

10. Expansion of Established Facility

This project will expand an existing facility by adding a new unit. The existing facility only serves geriatric patients. The project will serve child and adolescent patients. The geriatric unit opened in the spring of 2015 and has had utilization of approximately 69%. The existing facility has operated as proposed in the CON application that was approved in 2013. The historical utilization is included with the application, and the projected financials include financials for the full facility as well as the project.

11. Licensure and Quality Considerations

The facility is licensed by the Department of Mental Health and Substance Abuse Services and accredited by the Joint Commission. The applicant has been successful in providing quality services to the geriatric population and is confident of its ability to provide quality services to the pediatric population. The applicant's parent organization currently operates a pediatric psychiatric hospital in West Memphis, Arkansas, and multiple adolescent residential treatment centers. This experience will help the applicant provide excellent care for its pediatric patients.

12. Institution for Mental Disease Classification

No. Because the facility will serve geriatric and pediatric patients, it will not be classified as an IMD.

13. Continuum of Care

The applicant has a transfer agreement and works closely with Jackson-Madison County General Hospital to provide medical care beyond what the applicant can provide. The facility is centrally located in Jackson, and staff are able to efficiently transfer patients who need more intensive medical care.

14. Data Usage

There are no licensed or CON-approved pediatric psychiatric beds in the service area. There are pediatric psychiatric beds in Shelby and Davison Counties. Utilization data for those facilities is not readily available.

15. Adequate Staffing

The applicant has been able to staff its existing geriatric unit with high-quality staff and does not anticipate problems staffing the pediatric unit. The applicant has strong relationships with the colleges and universities in the Jackson area and anticipates continuing to higher graduates of those programs. Additionally, the applicant has successfully recruited and retained physicians for its other programs and is actively working on recruiting physicians for the pediatric program.

16. Community Linkage Plan

The applicant has strong working relationships with community partners, including Jackson-Madison County General Hospital, local pediatricians, the Department of Children's Services, and the juvenile justice system. Letters of support are included with the application.

17. Access

The applicant is committed to providing services to all patients who need care. The proposed service area is poorer than the state average, and, currently, there are not any inpatient pediatric psychiatric beds in the service area. The applicant believes that this

October 27, 2016**12:44 pm**

project will provide much improved access to mental health services for an underserved population.

18. Quality Control and Monitoring

The applicant is committed to providing the highest quality care. Its existing facilities are licensed by the Tennessee Department of Mental Health and Substance Abuse Services and are Joint Commission accredited. The applicant's license and accreditation are attached to the application.

19. Data Requirements

The applicant will comply with all requests for information and statistical data from any state agency.

Please complete the following table to determine psychiatric bed need (1).

The Department of Health's population projections do not break down the age ranges into child and adolescent categories.

	Population 2019	Gross Need Pop. X (30 beds/100,000)	Current licensed beds	Net Need
<i>Proposed Service Area</i>	<i>127,351</i>	<i>38.2</i>	<i>0</i>	<i>38.2</i>

7. Section B, Need Item 3

Please complete the following table for the Year One of the proposed project.

Service Area Counties	Projected Utilization-County Residents
Madison	104
Benton	2
Carroll	4
Chester	15
Crockett	4
Dyer	14
Gibson	55
Hardeman	18
Hardin	8
Haywood	5
Henderson	15
Henry	3
Lake	8
McNairy	6
Obion	2
Weakley	4
Total	296

Additionally, the applicant expects a few patients from outside the service area, as follows:

Decatur	3
Lauderdale	8
Obion	4
Davidson	2
Fayette	4
Shelby	8

8. Section B, Need Item 4.A

The population tables of the proposed project are noted. The applicant's population tables will need to reflect CY 2016 and PY 2018 as prescribed in the most recent Psychiatric Inpatient Services-Service Specific Criteria. Please verify the population tables are current year (CY) 2016 and Projected Year (PY) 2018. If not, please revise the population tables on pages 17-19 and provide replacement pages.

The population tables are current year (2016) and projected year (2018).

9. Section C. Need, Item 5

Your response to this item is noted. However residents 0-17 of the proposed 16 county service area are currently receiving inpatient psychiatric care at hospitals surrounding counties. Please provide data of where psychiatric patients 0-17 in the proposed service area are receiving inpatient psychiatric for the most recent year available.

Unfortunately, the applicant does not have data to answer this question. The Joint Annual Reports do no break out county origin information by service line or age.

10. Section C, Need, Item 6

Please complete the following tables for Year One and Year Two:

Projected Inpatient Utilization

Variable	2018	2019
Ages 0-12 Psych Licensed Beds	4	4
Ages 0-12 Psych. Admissions	160	240
Ages 0-12 Psych. Pat. Days	720	1080
Ages 0-12 Psych ALOS	4.5	4.5
Ages 0-12 Psych ADC	1.97	2.96
Ages 0-12 % Lic. Occ.	49%	74%
Ages 13-17 Psych Licensed Beds	12	12
Ages 13-17 Psych. Admissions	396	594
Ages 13-17 Psych. Pat. Days	2200	3300
Ages 13-17 Psych ALOS	5.5	5.5
Ages 13-17 Psych ADC	6.03	9.04
Ages 13-17 % Lic. Occ.	50%	75%

11. Section C. Economic Feasibility Item 2 Funding

The funding letter verifying the applicant has sufficient cash of \$1,335,250 to fund the project is noted. However, the Woodridge Behavioral Care, LLC and Subsidiaries Consolidated Balance Sheet for the period ending December 31, 2015 reflect \$3,591,191 in current assets and current liabilities of \$3,398,681 with a current of 1.05:1. Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities. Please clarify how the applicant has sufficient cash to cover current liabilities and plus fund the proposed project.

The ultimate parent company, REP Perimeter Holdings LLC, will provide financial support to fund the proposed project. A letter from REP Perimeter Holdings, LLC attesting to that is attached.

12. Section C. Economic Feasibility Item 3 and 4 (Historical and Projected Data Chart)

Please indicate why there are no Provisions for Charity Care and Taxes allocated for the LLC in the Historical and Projected Data Charts.

Total Operating Expenses in D.6 in the Projected Data Chart do not match the breakout of expenses on page 28. If needed, please revise and provide a corrected page 28.

Because the amount of charity care is so low, due to the high insurance coverage rate via TennCare for the pediatric population and Medicare for the geriatric population, the applicant does not break out charity care. Additionally, because the owner is an LLC, taxes are passed through to the ultimate owner and are not separately broken out for the facility. Revised pages 28-29 with the corrected other operating expenses are attached.

13. Section C, Economic Feasibility, Item 5.A. and 5.C.

The table identifying the project's average gross charge, average deduction from operating revenue, and average net charge is noted. However, deduction from revenue and average net charge for Year One and Year Two appears to be incorrectly calculated. If needed, please revise.

The revised chart is below.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	N/A	N/A	\$1,000	\$1,000	N/A
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	N/A	N/A	\$485	\$495	N/A
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	N/A	N/A	\$515	\$505	N/A

Please compare proposed charges to the project Compass Intervention Center, CN1606-025 that will be heard by the Agency on October 26, 2016.

The applicant's charges are significantly less than the charges projected by Compass Intervention Center. The applicant believes that this difference is due to lower labor and services costs in Jackson versus Memphis.

	Compass Year One	Applicant Year One
Gross Charge (Gross Operating Revenue/Utilization Data)	\$1,824	\$1,000
Deduction from Revenue (Total Deductions/Utilization Data)	\$1,183	\$475
Average Net Charge (Net Operating Revenue/Utilization Data)	\$641	\$525

14. Section C. Economic Feasibility, Item 6.C. Capitalization Ratio

Please recalculate the capitalization ratio using the following formula: Long Term Debt/(Long Term Debt + Total Equity) x 100.

A revised calculation is below.

The capitalization ratio for Woodridge (parent company) is 43.97.

$$[(9,276,504 / (9,276,504 + 11,820,282)) \times 100 = 43.97]$$

15. Section C, Contribution to Orderly Development, Item 7

Please provide a copy of the results of the applicant's Joint Commission survey.

The survey is attached.

16. Section C, Contribution to Orderly Development, Item 8

Please indicate if a Board Certified Psychiatrist specializing in Pediatrics is available to provide medical services if this application is approved.

Yes, board certified psychiatrists are available, and the applicant is actively recruiting physicians for the project.

October 27, 2016**12:44 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSONNAME OF FACILITY: WOODRIDGE OF WEST TENNESSEE

I, CECELIA HUNT, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Cecilia Hunt
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of OCTOBER, 2016, witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan E. McDaniel
NOTARY PUBLIC

My commission expires March 3, 2019.

October 27, 2016**12:44 pm****CONFIDENTIAL**

October 26, 2016

To Whom It May Concern:

Ridgemont Equity Partners is the financial sponsor of OakHills Behavioral Center. As the majority financial investor, we are committed to funding the expansion of the hospital including the financing requirements related to the Certificate of Need application for additional licensed acute beds. These expenses are currently estimated to total \$1.35 million plus additional working capital.

REP PERIMETER HOLDINGS, LLC

A handwritten signature in dark ink, appearing to read "Petri T. Lindberg", written over a horizontal line.

Name: PETRI T. LINDBERGTitle: MEMBER



Official Accreditation Report

WoodRidge of West Tennessee LLC
49 Old Hickory Blvd.
Jackson, TN 38305

Organization Identification Number: 572088

Initial Unannounced Full Event: 6/8/2015 - 6/10/2015

Report Contents

Executive Summary

Requirements for Improvement

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

Opportunities for Improvement

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

Plan for Improvement

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Executive Summary

Program(s)
Hospital Accreditation

Survey Date(s)
06/08/2015-06/10/2015

Hospital Accreditation : As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Requirements for Improvement – Summary

Observations noted within the Requirements for Improvement (RFI) section require follow up through the Evidence of Standards Compliance (ESC) process. The timeframe assigned for completion is due in either 45 or 60 days, depending upon whether the observation was noted within a direct or indirect impact standard. The identified timeframes of submission for each observation are found within the Requirements for Improvement Summary portion of the final onsite survey report. If a follow-up survey is required, the unannounced visit will focus on the requirements for improvement although other areas, if observed, could still become findings. The time frame for performing the unannounced follow-up visit is dependent on the scope and severity of the issues identified within the Requirements for Improvement.

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	EC.02.05.05	EP3,EP5
	EC.02.05.07	EP5
	MM.01.02.01	EP2
	MM.04.01.01	EP8,EP13
	NPSG.15.01.01	EP1
	PC.01.03.01	EP1,EP5,EP22
	PC.02.01.03	EP20
	WT.03.01.01	EP5

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

Program:	Hospital Accreditation Program	
Standards:	APR.04.01.01	EP11
	EC.02.03.05	EP13
	HR.01.02.05	EP1
	IC.02.01.01	EP1
	LD.04.03.09	EP5
	LS.02.01.10	EP9
	MS.01.01.01	EP5

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

MS.03.01.01	EP6
MS.06.01.03	EP6
MS.06.01.05	EP7,EP8
MS.08.01.01	EP1
MS.08.01.03	EP1
PC.01.02.03	EP4
PC.02.03.01	EP1
RC.01.01.01	EP19
RC.01.02.01	EP4

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The Joint Commission
Summary of CMS Findings

SUPPLEMENTAL #1

October 27, 2016

12:44 pm

CoP: §482.11 **Tag:** A-0020 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.11 Condition of Participation: Compliance with Federal, State and Local Laws

CoP Standard	Tag	Corresponds to	Deficiency
§482.11(c)	A-0023	HAP - HR.01.02.05/EP1	Standard

CoP: §482.23 **Tag:** A-0385 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(c)(3)	A-0406	HAP - MM.04.01.01/EP13	Standard

CoP: §482.24 **Tag:** A-0431 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(2)	A-0450	HAP - RC.01.02.01/EP4	Standard
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard

CoP: §482.41 **Tag:** A-0700 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP9	Standard
§482.41(c)(2)	A-0724	HAP - EC.02.03.05/EP13, EC.02.05.05/EP3, EP5, EC.02.05.07/EP5	Standard

CoP: §482.42 **Tag:** A-0747 **Deficiency:** Standard

Corresponds to: HAP - IC.02.01.01/EP1

Text: §482.42 Condition of Participation: Infection Control

The hospital must provide a sanitary environment to avoid sources and transmission of infections and communicable diseases. There must be an active program for the prevention, control, and investigation of infections and communicable diseases.

CoP: §482.61 **Tag:** B103 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.61 Condition of Participation: Special medical record requirements for psychiatric hospitals.

The medical records maintained by a psychiatric hospital must permit determination of the degree and intensity of the treatment provided to individuals who are furnished services in the institution.

CoP Standard	Tag	Corresponds to	Deficiency
§482.61(c)(1)(ii)	B121	HAP - PC.01.03.01/EP5	Standard
§482.61(a)(5)	B109	HAP - PC.01.02.03/EP4	Standard
§482.61(c)(1)(iii)	B122	HAP - PC.01.03.01/EP5	Standard
§482.61(d)	B132	HAP - PC.01.03.01/EP22	Standard

CoP: §482.62 **Tag:** B136 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.62 Condition of Participation: Special staff requirements for psychiatric hospitals.

The hospital must have adequate numbers of qualified professional and supportive staff to evaluate patients, formulate written, individualized comprehensive treatment plans, provide active treatment measures, and engage in discharge planning.

CoP Standard	Tag	Corresponds to	Deficiency
§482.62(a)(2)	B138	HAP - PC.01.03.01/EP1	Standard

CoP: §482.21 **Tag:** A-0263 **Deficiency:** Standard

Corresponds to: HAP - LD.04.03.09/EP5

Text: §482.21 Condition of Participation: Quality Assessment and Performance Improvement Program

The hospital must develop, implement, and maintain an effective, ongoing, hospital-wide, data-driven quality assessment and performance improvement program. The hospital's governing body must ensure that the program reflects the complexity of the hospital's organization and services; involves all hospital departments and services (including those services furnished under contract or arrangement); and focuses on indicators related to improved health outcomes and the prevention and reduction of medical errors. The hospital must maintain and demonstrate evidence of its QAPI program for review by CMS.

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The Joint Commission
Summary of CMS Findings

SUPPLEMENTAL #1

October 27, 2016

12:44 pm

CoP: §482.22 **Tag:** A-0338 **Deficiency:** Standard

Corresponds to: HAP

Text: §482.22 Condition of Participation: Medical staff

The hospital must have an organized medical staff that operates under bylaws approved by the governing body, and which is responsible for the quality of medical care provided to patients by the hospital.

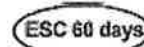
CoP Standard	Tag	Corresponds to	Deficiency
§482.22(c)	A-0353	HAP - MS.01.01.01/EP5	Standard
§482.22(a)(1)	A-0340	HAP - MS.08.01.03/EP1	Standard
§482.22(a)(2)	A-0341	HAP - MS.06.01.03/EP6	Standard

Requirements for Improvement – Detail

Chapter: Accreditation Participation Requirements

Program: Hospital Accreditation

Standard: APR.04.01.01



Standard Text:

The hospital selects and uses core performance measure sets from among those available through its listed ORYX® vendor.

Note 1: If core measures are not applicable, the hospital identifies clinical measures based on current ORYX® requirements.

Note 2: Hospitals are encouraged to keep up-to-date on any changes in the ORYX® requirements by reviewing recent issues of The Joint Commission Perspectives® or by going to the 'Performance Measurement' area on The Joint Commission website at <http://www.jointcommission.org>.

Element(s) of Performance:

11. The hospital selects a sufficient number of core performance measure sets to meet current ORYX® requirements.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 11

Observed in Data Session at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. The organization had not selected the core performance measure sets to meet ORYX requirements.

Chapter: Environment of Care

Program: Hospital Accreditation

Standard: EC.02.03.05



Standard Text:

The hospital maintains fire safety equipment and fire safety building features.

Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

Element(s) of Performance:

13. Every 6 months, the hospital inspects any automatic fire-extinguishing systems in a kitchen. The completion dates of the inspections are documented.

Note 1: Discharge of the fire-extinguishing systems is not required.

Note 2: For additional guidance on performing inspections, see NFPA 96, 1998 edition.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 13

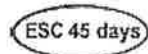
§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The semiannual inspections for the kitchen automatic fire-extinguishing system were done on 2/12/14 and 9/29/14. The length of time between these inspections were greater than the allowable time of +/- 20 days from the date of the previous inspection.

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.05.05



Standard Text: The hospital inspects, tests, and maintains utility systems.
Note: At times, maintenance is performed by an external service. In these cases, hospitals are not required to possess maintenance documentation but must have access to such documentation during survey and as needed.

Element(s) of Performance:

3. The hospital inspects, tests, and maintains the following: High-risk utility system components on the inventory. These activities are documented. (See also EC.02.05.01, EPs 2 and 4)
Note: High-risk utility system components includes life-support utility system components.



Scoring Category : A

Score : Insufficient Compliance

5. The hospital inspects, tests, and maintains the following: Non-high-risk utility system components on the inventory. These activities are documented. (See also EC.02.05.01, EPs 2 and 4)



Scoring Category : C

Score : Partial Compliance

Observation(s):

EP 3

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The organization did not have a written inventory of pull stations, water flow devices, valve tamper devices, heat detectors, audio/visual devices, or fire department connections.

EP 5

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

This Standard is NOT MET as evidenced by:

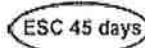
Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The organization did not have a written inventory of magnetic door hold-open devices.

Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The organization did not have a written inventory of fire and smoke dampers.

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.05.07



Standard Text:

The hospital inspects, tests, and maintains emergency power systems.
 Note: This standard does not require hospitals to have the types of emergency power equipment discussed below. However, if these types of equipment exist within the building, then the following maintenance, testing, and inspection requirements apply.

Element(s) of Performance:

5. The monthly tests for diesel-powered emergency generators are conducted with a dynamic load that is at least 30% of the nameplate rating of the generator or meets the manufacturer's recommended prime movers' exhaust gas temperature. If the hospital does not meet either the 30% of nameplate rating or the recommended exhaust gas temperature during any test in EC.02.05.07, EP 4, then it must test the emergency generator once every 12 months using supplemental (dynamic or static) loads of 25% of nameplate rating for 30 minutes, followed by 50% of nameplate rating for 30 minutes, followed by 75% of nameplate rating for 60 minutes, for a total of 2 continuous hours.

Note: Tests for non-diesel-powered generators need only be conducted with available load.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 5

§482.41(c)(2) - (A-0724) - (2) Facilities, supplies, and equipment must be maintained to ensure an acceptable level of safety and quality.

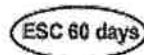
This Standard is NOT MET as evidenced by:

Observed in Document Review at WoodRidge of West Tennessee LLC | 49 Old Hickory Blvd., Jack (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Monthly generator tests did not document the dynamic load at the time of the test.

Chapter: Human Resources
Program: Hospital Accreditation
Standard: HR.01.02.05

Standard Text: The hospital verifies staff qualifications.



Element(s) of Performance:

1. When law or regulation requires care providers to be currently licensed, certified, or registered to practice their professions, the hospital both verifies these credentials with the primary source and documents this verification when a provider is hired and when his or her credentials are renewed. (See also HR.01.02.07, EP 2)

Note 1: It is acceptable to verify current licensure, certification, or registration with the primary source via a secure electronic communication or by telephone, if this verification is documented.

Note 2: A primary verification source may designate another agency to communicate credentials information. The designated agency can then be used as a primary source.

Note 3: An external organization (for example, a credentials verification organization [CVO]) may be used to verify credentials information. A CVO must meet the CVO guidelines identified in the Glossary.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 1

§482.11(c) - (A-0023) - (c) The hospital must assure that personnel are licensed or meet other applicable standards that are required by State or local laws.

This Standard is NOT MET as evidenced by:

Observed in HR File Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Primary source verification had not been completed for the contract Dietitian licensure and registration upon hire. The Tennessee for Licensed Dietitian/ Nutritionist verification and the Commission on Dietetic Registration had not been found and verification was obtained during the survey.

Observed in HR File Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Primary source verification had not been found for the DON upon hire 02/29/2015. The HR staff reported the office had been moved and the verification may have been misplaced. The primary source had been completed late on 06/02/2015.

Observed in HR File Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Primary source verification had not been found for a Music Therapist- Board Certified upon hire. The verification had been completed late on 06/09/2015.

Observed in HR File Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Primary source verification had not been found upon renewal of an LMSW 05/31/2015. License was verified during survey.

Chapter: Infection Prevention and Control

Program: Hospital Accreditation

Standard: IC.02.01.01

ESC 60 days

Standard Text: The hospital implements its infection prevention and control plan.

Element(s) of Performance:

1. The hospital implements its infection prevention and control activities, including surveillance, to minimize, reduce, or eliminate the risk of infection.



Scoring Category : C

Score : Partial Compliance

Observation(s):

EP 1

§482.42 - (A-0747) - §482.42 Condition of Participation: Condition of Participation: Infection Control

This Standard is NOT MET as evidenced by:

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The organization did not have a process or documentation for testing the dishwasher rinse and wash cycles. During the survey, training, competency, and logs were implemented for testing the rinse and wash cycles of the dishwasher. All dietary staff(5) were trained.

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The organization did not have documentation of sanitizer usage or testing strip results for the 3 part dishwashing sink. During the survey, all dietary staff were trained and a documentation of the test strip results was implemented.

Chapter: Leadership

Program: Hospital Accreditation

Standard: LD.04.03.09

ESC 60 days

Standard Text: Care, treatment, and services provided through contractual agreement are provided safely and effectively.

Element(s) of Performance:

5. Leaders monitor contracted services by communicating the expectations in writing to the provider of the contracted services.
Note: A written description of the expectations can be provided either as part of the written agreement or in addition to it.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 5

§482.21 - (A-0263) - §482.21 Condition of Participation: Condition of Participation: Quality Assessment and Performance Improvement Program

This Standard is NOT MET as evidenced by:

Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The lab contract did not have performance measurements the organization was monitoring.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The X-ray contract did not have performance measurements the organization was monitoring.

Chapter: Life Safety
Program: Hospital Accreditation
Standard: LS.02.01.10

ESC 60 days

Standard Text: Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

Element(s) of Performance:

9. The space around pipes, conduits, bus ducts, cables, wires, air ducts, or pneumatic tubes that penetrate fire-rated walls and floors are protected with an approved fire-rated material.

Note: Polyurethane expanding foam is not an accepted fire-rated material for this purpose. (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.4.2)



Scoring Category : C

Score : Partial Compliance

Observation(s):

EP 9

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101@2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

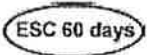

This Standard is NOT MET as evidenced by:

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Above the ceiling at the cross-corridor doors by Activity Room #2, two large water pipes were not protected with an approved fire-rated material.

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

Above the ceiling at the cross-corridor doors by Activity Room #2, two 1 inch pipes were not protected with an approved fire-rated material.

Chapter:	Medical Staff	
Program:	Hospital Accreditation	
Standard:	MS.01.01.01	
Standard Text:	Medical staff bylaws address self-governance and accountability to the governing body.	
Element(s) of Performance:		
	5. The medical staff complies with the medical staff bylaws, rules and regulations, and policies.	
Scoring Category :	A	
Score :	Insufficient Compliance	
Observation(s):		

EP 5

§482.22(c) - (A-0353) - §482.22(c) Standard: Medical Staff Bylaws

The medical staff must adopt and enforce bylaws to carry out its responsibilities.

The bylaws must:

This Standard is NOT MET as evidenced by:

Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The bylaws state physicians must live within 1 hour of the hospital. One of the physicians lived in Memphis an hour and a half away. The last day of the survey, the by laws were revised to delete the statement, approved by the Medical staff and Governing Board.

Chapter: Medical Staff

Program: Hospital Accreditation

Standard: MS.03.01.01

ESC 60 days

Standard Text: The organized medical staff oversees the quality of patient care, treatment, and services provided by practitioners privileged through the medical staff process.

Element(s) of Performance:

6. The organized medical staff specifies the minimal content of medical histories and physical examinations, which may vary by setting or level of care, treatment, and services. (See also PC.01.02.03, EP 4)



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 6

Observed in Document Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The bylaws, rules and regulations did not define minimal content. During the last day of the survey, the content of the H&P was specified and added to the by-laws, approved by the medical staff and Governing Board.

Chapter: Medical Staff

Program: Hospital Accreditation

Standard: MS.06.01.03

ESC 60 days

Standard Text: The hospital collects information regarding each practitioner's current license status, training, experience, competence, and ability to perform the requested privilege.

Element(s) of Performance:

6. The credentialing process requires that the hospital verifies in writing and from the primary source whenever feasible, or from a credentials verification organization (CVO), the following information:



- The applicant's current licensure at the time of initial granting, renewal, and revision of privileges, and at the time of license expiration
 - The applicant's relevant training
 - The applicant's current competence
- (See also PC.03.01.01, EP 1)

Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 6

§482.22(a)(2) - (A-0341) - (2) The medical staff must examine the credentials of all eligible candidates for medical staff membership and make recommendations to the governing body on the appointment of these candidates in accordance with State law, including scope-of-practice laws, and the medical staff bylaws, rules, and regulations. A candidate who has been recommended by the medical staff and who has been appointed by the governing body is subject to all medical staff bylaws, rules, and regulations, in addition to the requirements contained in this section. This Standard is NOT MET as evidenced by:

Observed in Medical Management Session at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

One physician did not have primary source verification in his file. This was corrected on site.

Chapter: Medical Staff

Program: Hospital Accreditation

Standard: MS.06.01.05

ESC 60 days

Standard Text: The decision to grant or deny a privilege(s), and/or to renew an existing privilege(s), is an objective, evidence-based process.

Element(s) of Performance:

7. The hospital queries the National Practitioner Data Bank (NPDB) when clinical privileges are initially granted, at the time of renewal of privileges, and when a new privilege(s) is requested.



Scoring Category : A

Score : Insufficient Compliance

8. Peer recommendation includes written information regarding the practitioner's current:

- Medical/clinical knowledge
- Technical and clinical skills
- Clinical judgment
- Interpersonal skills
- Communication skills
- Professionalism

Note: Peer recommendation may be in the form of written documentation reflecting informed opinions on each applicant's scope and level of performance, or a written peer evaluation of practitioner-specific data collected from various sources for the purpose of validating current competence.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 7

Observed in Medical Management Session at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

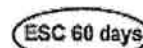
The hospital had not queried the NPDB for any of the three practitioners, as they had technical difficulties with their registration with the NPDB. This was corrected on site.

EP 8

Observed in Medical Management Session at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The internist did not have any peer recommendations in his credentialing file.

Chapter: Medical Staff
 Program: Hospital Accreditation
 Standard: MS.08.01.01



Standard Text: The organized medical staff defines the circumstances requiring monitoring and evaluation of a practitioner's professional performance.

Element(s) of Performance:

1. A period of focused professional practice evaluation is implemented for all initially requested privileges.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 1

Observed in Medical Management Session at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

There was not a defined process of FPPE given the hospital has only been open 2 months, all practitioners should be on FPPE, but the policy was in the process of being developed.

Chapter: Medical Staff

Program: Hospital Accreditation

Standard: MS.08.01.03



Standard Text: Ongoing professional practice evaluation information is factored into the decision to maintain existing privilege(s), to revise existing privilege(s), or to revoke an existing privilege prior to or at the time of renewal.

Element(s) of Performance:

1. The process for the ongoing professional practice evaluation includes the following: There is a clearly defined process in place that facilitates the evaluation of each practitioner's professional practice.



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

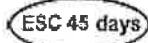
EP 1

§482.22(a)(1) - (A-0340) - (1) The medical staff must periodically conduct appraisals of its members.

This Standard is NOT MET as evidenced by:

Observed in Medical Management Session at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The organization was still developing their OPPE process and policy.

Chapter: Medication Management
Program: Hospital Accreditation
Standard: MM.01.02.01 
Standard Text: The hospital addresses the safe use of look-alike/sound-alike medications.

Element(s) of Performance:

2. The hospital takes action to prevent errors involving the interchange of the medications on its list of look-alike/sound-alike medications.

Note: This element of performance is also applicable to sample medications.



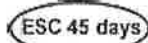
Scoring Category : A
Score : Insufficient Compliance

Observation(s):

EP 2

Observed in Medication Management Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The pharmacist stated that there was no special handling of look alike sound alike medications. However, the policy suggest that Tall Man lettering should be used. In review of the medication cart despite having several look alike/sound alike medications, there was no Tall Man lettering.

Chapter: Medication Management
Program: Hospital Accreditation
Standard: MM.04.01.01 
Standard Text: Medication orders are clear and accurate.

October 27, 2016

12:44 pm

Element(s) of Performance:

8. The hospital prohibits summary (blanket) orders to resume previous medications.



Scoring Category : A

Score : Insufficient Compliance

13. The hospital implements its policies for medication orders.



Scoring Category : C

Score : Partial Compliance

Observation(s):

EP 8

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A telephone medication order for a female patient had stated to start all physical medications on 05/30/2015 in AM that were not available out of the night cabinet. The order had not been specific and against policy of prohibited use of a blanket order.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A telephone medication order on 05/31/2016 for a female patient had stated to change all physical medication times from 8 pm to 7 p.m. and give before going to bed. The order had identified a listing of medications, however they had not been specific and against policy of prohibited use of a blanket order.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A second telephone medication order on 05/31/2016 for a female patient had stated to change all physical medication times from 8 pm to 7 p.m. and give before going to bed. The order had identified a different listing of medications, however they had not been specific and against policy of prohibited use of a blanket order.

EP 13

§482.23(c)(3) - (A-0406) - (3) With the exception of influenza and pneumococcal polysaccharide vaccines, which may be administered per physician-approved hospital policy after an assessment of contraindications, orders for drugs and biologicals must be documented and signed by a practitioner who is authorized to write orders in accordance with State law and hospital policy, and who is responsible for the care of the patient as specified under §482.12(c).

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A telephone medication order on 05/31/2016 for a female patient had stated to change all physical medication times from 8 pm to 7 p.m. and give before going to bed. The order had identified a listing of medications, however the list had not contained the elements of complete orders as identified by policy.

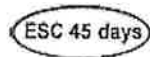
Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A second telephone medication order on 05/31/2016 for a female patient had stated to change all medication times from 8 pm to 7 p.m. and give before going to bed. The order had identified a listing of medications, however the list of medications had not contained the elements of complete orders as identified by policy.

Chapter: National Patient Safety Goals

Program: Hospital Accreditation

Standard: NPSG.15.01.01



Standard Text: Identify patients at risk for suicide.

Note: This requirement applies only to psychiatric hospitals and patients being treated for emotional or behavioral disorders in general hospitals.

Element(s) of Performance:

1. Conduct a risk assessment that identifies specific patient characteristics and environmental features that may increase or decrease the risk for suicide.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 1

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The risk assessment for a female patient had not identified specific patient characteristics that would decrease the risk of suicide.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The risk assessment for a male patient had not identified specific patient characteristics that would decrease the risk of suicide.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. The risk assessment for a discharged female patient had not identified specific patient characteristics that would decrease the risk of suicide.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.01.02.03

ESC 60 days

Standard Text: The hospital assesses and reassesses the patient and his or her condition according to defined time frames.

Element(s) of Performance:

4. The patient receives a medical history and physical examination no more than 30 days prior to, or within 24 hours after, registration or inpatient admission, but prior to surgery or a procedure requiring anesthesia services. (See also MS.03.01.01, EP 6; RC.02.01.03, EP 3)



Scoring Category : C

Score : Partial Compliance

Observation(s):

EP 4

§482.61(a)(5) - (B109) - (5) When indicated, a complete neurological examination must be recorded at the time of the admission physical examination.

This Standard is NOT MET as evidenced by:

Observed in Record Review at WoodRidge of West Tennessee LLC | 49 Old Hickory Blvd., Jack (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The H and P did not include a Cranial Nerve assessment for a geriatric psychiatric patient.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The h and p for another geriatric psychiatric patient did not contain and cranial nerve exam in the file.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.01.03.01

ESC 45 days

Standard Text: The hospital plans the patient's care.

Element(s) of Performance:

1. The hospital plans the patient's care, treatment, and services based on needs identified by the patient's assessment, reassessment, and results of diagnostic testing. (See also RC.02.01.01, EP 2 and PC.01.02.13, EP 2)



Scoring Category : C

Score : Insufficient Compliance

5. The written plan of care is based on the patient's goals and the time frames, settings, and services required to meet those goals.

Note: For psychiatric hospitals that use Joint Commission accreditation for deemed status purposes: The patient's goals include both short- and long-term goals.



Scoring Category : A

Score : Insufficient Compliance

22. Based on the goals established in the patient's plan of care, staff evaluate the patient's progress.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 1

§482.62(a)(2) - (B138) - (2) Formulate written individualized, comprehensive treatment plans;

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The assessment data for a female patient had identified depression, anxiety, and paranoia; however these needs had not been identified on the treatment plan. In discussion with staff, the treatment plan had been identified as a PI project. A treatment has been developed, however had not been implemented.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The assessment data for a male patient had identified paranoia and auditory hallucinations, however these needs had not been identified on the treatment plan. In discussion with staff, the treatment plan had been identified as a PI project. A new treatment plan has been developed, however had not been implemented.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The assessment data for a female patient had identified depression, anxiety, and psychosis, however these needs had not been identified on the treatment plan. In discussion with staff, the treatment plan had been identified as a PI project. A new treatment plan format has been developed, however had not been implemented.

EP 5

§482.61(c)(1)(ii) - (B121) - (ii) Short-term and long-range goals;

This Standard is NOT MET as evidenced by:

§482.61(c)(1)(iii) - (B122) - (iii) The specific treatment modalities utilized;

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

For one patient the only goal stated was to reduce confusion. The goal did not have any specific measures.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

For another patient she had 3 goals, but none were specific nor measurable. The goals included to reduce chronic pain.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The treatment plan had 2 general goals which were not measurable and did not contain time frames. The first goal was to reduce hallucinations and the second to reduce symptoms.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The treatment plan had 2 general goals that did not have timeframes or measurable goals. the first was to "reduce symptoms" and the second goal was to "reduce aggression."

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The written plan of care for a female patient had identified long term and short term goals related to medication, however had not developed long term and short term goals related to anxious, depressive, and psychotic behavior.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The written plan of care for a second female patient had identified long term and short term goals related to medication, however had not developed long term and short term goals related to paranoia, and auditory hallucinations.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The treatment interventions identified in the treatment plan for a male patient had listed social groups, and recreation, however had not identified the specific named group modality and focus of the group to meet the needs of the patient.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The treatment interventions identified in the treatment plan for a female patient had listed social groups, and recreation, however had not identified the specific named group modality and focus of the group to meet the needs of the patient.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The treatment interventions identified in the treatment plan for a second female patient had listed social groups, and recreation, however had not identified the specific named group modality and focus of the group to meet the needs of the patient.

EP 22

§482.61(d) - (B132) - §482.61(d) a precise assessment of the patient's progress in accordance with the original or revised treatment plan.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A goal in the treatment plan of a male patient had not been stated to evaluate progress. One goal had been medication compliance, which had not been specific to provide a precise assessment of progress.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A goal in the treatment plan of a female patient had not been stated to evaluate progress. One goal had been medication compliance, which had not been specific to provide a precise assessment of progress.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A goal in the treatment plan of a second female patient had not been stated to evaluate progress. The goal had been to reduce aggression, which had not been specific to provide a precise assessment of progress.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.02.01.03

ESC 45 days

Standard Text: The hospital provides care, treatment, and services as ordered or prescribed, and in accordance with law and regulation.

Element(s) of Performance:

20. Before taking action on a verbal order or verbal report of a critical test result, staff uses a record and 'read back' process to verify the information.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 20

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. A telephone order on 04/25/2015 at 9:30 related to transfer of a female patient for fall and head injury had not identified a read back and verified per policy.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. A second telephone order on 04/25/2015 at 8:47 pm related to transfer of the same female patient with a second fall and head injury had not identified a read back and verified per policy.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. A verbal medication order on 04/25/2015 of Ativan 1 mg IM x1 now for extreme agitation and combativeness for a female patient had not identified a read back and verified per policy.

Chapter: Provision of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: PC.02.03.01

ESC 60 days

Standard Text: The hospital provides patient education and training based on each patient's needs and abilities.

Element(s) of Performance:

1. The hospital performs a learning needs assessment for each patient, which includes the patient's cultural and religious beliefs, emotional barriers, desire and motivation to learn, physical or cognitive limitations, and barriers to communication.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 1

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A learning needs assessment of cultural and religious beliefs, emotional barriers, desire and motivation to learn, physical or cognitive limitations and barriers to communication that affect the learning process had not been found in the record of a female. This assessment data would be important in providing individual and group treatment.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A learning needs assessment of cultural and religious beliefs, emotional barriers, desire and motivation to learn, physical or cognitive limitations and barriers to communication that affect the learning process had not been found in the record of a second female. This assessment data would be important in providing individual and group treatment.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A learning needs assessment of cultural and religious beliefs, emotional barriers, desire and motivation to learn, physical or cognitive limitations and barriers to communication that affect the learning process had not been found in the record of a male patient. This assessment data would be important in providing individual and group treatment.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

A learning needs assessment of cultural and religious beliefs, emotional barriers, desire and motivation to learn, physical or cognitive limitations and barriers to communication that affect the learning process had not been found in the record of a 3 more patients. This assessment data would be important in providing individual and group treatment.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.01.01

ESC 60 days

Standard Text: The hospital maintains complete and accurate medical records for each individual patient.

Element(s) of Performance:

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 19

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

The H and P of a one female patient had been dated but not timed.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

One patients admission order set had been dated but not timed.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

One patient had a dated, but not timed H and P.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

One record reviewed did not have the discharge summary or the intake worksheet timed.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

For another closed record a set of orders had been dated but not timed.

Chapter: Record of Care, Treatment, and Services

Program: Hospital Accreditation

Standard: RC.01.02.01

ESC 60 days

Standard Text: Entries in the medical record are authenticated.

Element(s) of Performance:

4. Entries in the medical record are authenticated by the author. Information introduced into the medical record through transcription or dictation is authenticated by the author.

Note 1: Authentication can be verified through electronic signatures, written signatures or initials, rubber-stamp signatures, or computer key.

Note 2: For paper-based records, signatures entered for purposes of authentication after transcription or for verbal orders are dated when required by law or regulation or hospital policy. For electronic records, electronic signatures will be date-stamped.

Note 3: For hospitals that use Joint Commission accreditation for deemed status purposes: All orders, including verbal orders, are dated and authenticated by the ordering practitioner or another practitioner who is responsible for the care of the patient, and who, in accordance with hospital policy; law and regulation; and medical staff bylaws, rules, and regulations, is authorized to write orders.



Scoring Category : C

Score : Insufficient Compliance

Observation(s):

EP 4

§482.24(c)(2) - (A-0450) - (2) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner or by another practitioner who is responsible for the care of the patient only if such a practitioner is acting in accordance with State law, including scope-of-practice laws, hospital policies, and medical staff bylaws, rules, and regulations.

This Standard is NOT MET as evidenced by:

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A telephone medication order on 04/23/2015 for a female patient had been authenticated and dated, however had not been timed. Time would be important for determination of physician required authentication within 72 hours.

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A telephone medication order on 04/24/2015 for a female patient had been authenticated and dated, however had not been timed. Time would be important for determination of physician required authentication within 72 hours.

Observed in Individual Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site for the Psychiatric Hospital deemed service.

A telephone medication order on 05/29/2015 for a female patient had been authenticated and dated, however had not been timed. Time would be important for determination of physician required authentication within 72 hours and to meet COP.

Chapter:	Waived Testing
Program:	Hospital Accreditation
Standard:	WT.03.01.01
Standard Text:	Staff and licensed independent practitioners performing waived tests are competent.

ESC 45 days

Element(s) of Performance:

5. Competency for waived testing is assessed using at least two of the following methods per person per test:

- Performance of a test on a blind specimen
- Periodic observation of routine work by the supervisor or qualified designee
- Monitoring of each user's quality control performance
- Use of a written test specific to the test assessed



Scoring Category : A

Score : Insufficient Compliance

Observation(s):

EP 5

Observed in HR File Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. The staff of the organization had been trained, however had utilized one method to assess competency. Six of six had been trained and monitored, however evidence of a test had not been found.

Opportunities for Improvement – Summary

Observations noted within the Opportunities for Improvement (OFI) section of the report represent single instances of non-compliance noted under a C category Element of Performance. Although these observations do not require official follow up through the Evidence of Standards Compliance (ESC) process, they are included to provide your organization with a robust analysis of all instances of non-compliance noted during survey.

Program:	Hospital Accreditation Program	
Standards:	EC.02.03.01	EP1
	EC.02.03.05	EP15
	LS.02.01.30	EP11
	LS.02.01.35	EP4
	MM.03.01.01	EP7
	PC.02.02.03	EP6
	RC.02.03.07	EP4

Opportunities for Improvement – Detail

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.03.01
Standard Text: The hospital manages fire risks.

Element(s) of Performance:

1. The hospital minimizes the potential for harm from fire, smoke, and other products of combustion.



Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP1

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site. Above the ceiling at the cross-corridor doors by Activity Room #2, a junction box with high-voltage electrical wires was missing a cover.

Chapter: Environment of Care
Program: Hospital Accreditation
Standard: EC.02.03.05
Standard Text: The hospital maintains fire safety equipment and fire safety building features.
Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

Element(s) of Performance:

15. At least monthly, the hospital inspects portable fire extinguishers. The completion dates of the inspections are documented.

Note 1: There are many ways to document the inspections, such as using bar-coding equipment, using check marks on a tag, or using an inventory.

Note 2: Inspections involve a visual check for the presence and correct type of extinguisher, broken parts, full charge, and ease of access.

Note 3: For additional guidance on inspection of fire extinguishers, see NFPA 10, Standard for Portable Fire Extinguishers, 1998 edition (Sections 1-6, 4-3, and 4-4).



Scoring Category : C

Score : Satisfactory Compliance

Observation(s):

EP15

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.
The fire extinguisher in the nursing station last documented inspection was in March

Chapter: Life Safety

Program: Hospital Accreditation

Standard: LS.02.01.30

Standard Text: The hospital provides and maintains building features to protect individuals from the hazards of fire and smoke.

Element(s) of Performance:

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable.

Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)



Scoring Category : C

Score : Satisfactory Compliance

Observation(s):

EP11

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.
The corridor door to room 2A/2B did not positively latch. The latching mechanism was stuck in the lockset.

Chapter:	Life Safety
Program:	Hospital Accreditation
Standard:	LS.02.01.35
Standard Text:	The hospital provides and maintains systems for extinguishing fires.

Element(s) of Performance:

4. Piping for approved automatic sprinkler systems is not used to support any other item. (For full text and any exceptions, refer to NFPA 25-1998: 2-2.2)



Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP4

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.
Above the ceiling at the cross-corridor doors by Activity Room #2, data wires were resting on top of a sprinkler pipe.

Chapter:	Medication Management
Program:	Hospital Accreditation
Standard:	MM.03.01.01
Standard Text:	The hospital safely stores medications.

Element(s) of Performance:

7. All stored medications and the components used in their preparation are labeled with the contents, expiration date, and any applicable warnings.
Note: This element of performance is also applicable to sample medications.



Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP7

Observed in Medication Management Tracer at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The boxes of two vials of insulin had been labeled when they were opened , but not when they expired.

Chapter:	Provision of Care, Treatment, and Services
Program:	Hospital Accreditation
Standard:	PC.02.02.03
Standard Text:	The hospital makes food and nutrition products available to its patients.

Element(s) of Performance:

6. The hospital prepares food and nutrition products using proper sanitation, temperature, light, moisture, ventilation, and security.



Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP6

Observed in Building Tour at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

Several yoghurts in the patient care refrigerator expired on 5/29/15 and the survey was conducted on 6/8/15.

Chapter:	Record of Care, Treatment, and Services
Program:	Hospital Accreditation
Standard:	RC.02.03.07
Standard Text:	Qualified staff receive and record verbal orders.

Element(s) of Performance:

4. Verbal orders are authenticated within the time frame specified by law and regulation.



Scoring Category : C
Score : Satisfactory Compliance

Observation(s):

EP4

Observed in Record Review at WoodRidge of West Tennessee LLC (49 Old Hickory Blvd., Jackson, TN) site.

The was a telephone order in a closed chart given on 6/1/15 to increase Levemir that had not been authenticated at the time of survey. Another order in teh same chart given on 5/28/15 to hold the 5 pm dose of Levemir had also not been authenticated.

Plan for Improvement - Summary

The Plan for Improvement (PFI) items were extracted from your Statement of Conditions™ (SOC) and represent all open and accepted PFIs during this survey. The number of open and accepted PFIs does not impact your accreditation status, and is fully in sync with the self-assessment process of the SOC. The implementation of Interim Life Safety Measures (ILSM) must have been assessed for each PFI. The Projected Completion Date within each PFI replaces the need for an individual ESC (Evidence of Standards Compliance) so the corrective action must be achieved within six months of the Projected Completion Date. Future surveys will review the completed history of these PFIs.

Number of PFIs: 0

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Your Source

Public Notices

for the latest...

Public Notices

0001619608
NOTICE OF COMPLETION OF FILMING: Allen Radio, LLC has completed principle photography on the motion picture "Grove New Jersey". Any creditor claims with the production must be filed by December 1, 2016. Claims should be sent to:
"Grove New Jersey,"
c/o Taylor Williams, Producer
4936 Carpenter Ave.
Valley Village, CA 91 607
310-435-9755

Continued from last column

0001636581

CITY OF THREE WAY
INVITATION TO BID

Sealed bids will be received at the office of the Mayor at Three Way City Hall, 174 Three Way Lane, Three Way, Tennessee 38343 until 10:00 am Monday, October 24, 2016, for the following:

One (1) New or Used One Ton

Truck with Dump Bed

Specifications are available and on file at the office of the Mayor at City Hall, 174 Three Way Lane, Three Way, Tennessee 38343. The Board of Mayor and Aldermen reserves the right to reject any and all bids and to waive formalities.

Larry W. Sanders
Mayor/Purchasing Agent

Go Beyond the
Job Search.

It's not just about getting the job. It's also about what comes next. CareerBuilder has the competitive insights and expert advice you need to get you where you want to be.



Check out the new
CareerBuilder.com

Public Notices

Public Notices

000163728

NOTIFICATION OF INTENT TO APPLY FOR A
CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et. seq., and the Rules of the Health Services and Development Agency, that:

Woodridge of West Tennessee, LLC, a mental health hospital owned by Woodridge Behavioral Care, LLC, with an ownership type of limited liability company and to be managed by itself intends to file an application for a Certificate of Need for the addition of 16 beds to provide inpatient services for child and adolescent patients. The project's address is 49 Old Hickory Blvd., Jackson, TN 38305. The project will occupy 8,818 square feet of renovated space, which is currently unused. The estimated project cost is \$1,335,259.

The anticipated date of filing the application is: October 15, 2016

The contact person for this project is Cecelia Hunt, Executive Vice President of Operations, who may be reached at: Woodridge Behavioral Care, LLC, 162 Cyle Lane, Madison, TN 37115 (615)866-9228.

Upon written request by interested parties, a local Fact-finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deckerick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1601(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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classifieds

The Jackson Sun

*Monday-Friday during normal business hours. Restrictions apply.

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Service directory

AFFIDAVIT OF PUBLICATION

0001645128

Newspaper Jackson Sun

State of Tennessee

Account Number NAS-524123

Advertiser BONE, MCALLESTER, NORTON

BONE, MCALLESTER, NORTON
511 UNION ST STE 1600
NASHVILLE, TN
37219

**TEAR SHEET
ATTACHED**



Sales Assistant for the above mentioned newspaper,

hereby certify that the attached advertisement appeared in said newspaper on the following dates:

✓
10/10/16

Subscribed and sworn to before me this 10 day of October 2016
Notary Public

Affidavits Requested:

1

0001645128NOTIFICATIONOFINTENTTOAPPLYFORACE
Re: Woodridge of West TN

Letters of Support



620 Skyline Drive • Jackson, Tennessee 38301 • 731-541-5000 • www.wth.org

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
502 Deadrick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

I am writing to express the support of West Tennessee Healthcare for Woodridge of West Tennessee's application for the addition of 16 pediatric and adolescent beds at Oak Hills Behavioral Center. I serve as the Executive Vice President, System Services, at West Tennessee Healthcare and as the Medical Director for the Madison County Child Advocacy Center. I am also a faculty member at Vanderbilt University School of Medicine and am board-certified in Pediatrics, Child Abuse Pediatrics, and Healthcare Management.

I have seen firsthand the difficulty in getting inpatient care for children and adolescents with mental illness. There are no inpatient facilities for children and adolescents with mental illnesses in Jackson or the surrounding area. Family participation is an important component of any mental health treatment for children. Currently patients have to travel to Memphis or the Nashville area for treatment, which makes it difficult for families to participate in treatment and provide support to their children.

This facility will complement the existing outpatient services in the area and will help ensure continuity of care. West Tennessee Healthcare, through its Pathways program, already provides mobile crisis services and outpatient services. An inpatient program has been the missing link. With the addition of the facility, children and adolescents will be able to receive the full spectrum of mental healthcare in their community.

This project will bring a much-needed resource to the community. West Tennessee Healthcare supports Agency approval of this project. We ask that the Agency approve this project.

Sincerely,

Lisa Piercey, MD, MBA, FACHE
Executive Vice President
West Tennessee Healthcare
Phone (731) 541-6736

-
- | | | | |
|--------------------------------------|---|---------------------------------------|--|
| • Ayers Children's Medical Center | • Gibson General Hospital | • Medical Center Laboratory | • West Tennessee Healthcare Foundation |
| • Bolivar General Hospital | • Humboldt General Hospital | • Medical Center Medical Products | • West Tennessee Imaging Center |
| • Bradford Family Medical Center | • Jackson-Madison County General Hospital | • Medical Clinic of Jackson | • West Tennessee Neurosciences |
| • Camden Family Medical Center | • Klrkland Cancer Center | • MedSouth Medical Center | • West Tennessee OB/GYN Services |
| • Camden General Hospital | • Kiwanis Center for Child Development | • Milan General Hospital | • West Tennessee Rehabilitation Center |
| • CardioThoracic Surgery Center | • Medical Center EMS | • Pathways Behavioral Health Services | • West Tennessee Surgery Center |
| • East Jackson Family Medical Center | • Medical Center Home Health | • Physician Services | • West Tennessee Women's Center |
| • Emergency Services | • Medical Center Infusion Services | • Sports Plus Rehab Centers | • Work Partners |
| • Employer Services | | • Tennessee Heart and Vascular Center | • Work Plus Rehab Center |



121 EAST MAIN STREET, SUITE 301
P.O. BOX 2508
JACKSON, TENNESSEE 38302-2508

TELEPHONE: 731-425-8240
FAX: 731-425-8605
E-MAIL: JGIST@CITYOFJACKSON.NET

City of Jackson

JERRY GIST
MAYOR

August 22, 2016

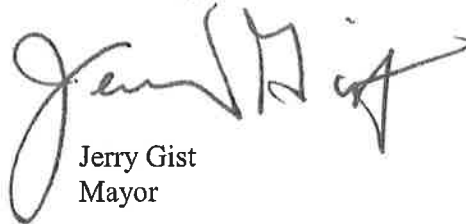
Ms. Melanie Hill, Executive Director
Tennessee Health Services
and Development Agency
502 Deadrick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

I am writing to express my support for Woodridge of West Tennessee's application for the addition of 16 pediatric and adolescent beds at Oak Hills Behavioral Center. As Mayor of Jackson, I have seen the need for resources to be made available to our children and their families. There are no inpatient facilities for children and adolescents with mental illnesses in Jackson or the surrounding area. Children and adolescents with mental illness have to travel to Memphis or the Nashville area for treatment, which creates a significant hardship for them and their families.

Seeing how the addition of the pediatric and adolescent beds at Oak Hills Behavioral Center will bring a much-needed resource for the residents to be served in their own community, I ask that the Agency approve this Certificate of Need.

Sincerely,



Jerry Gist
Mayor

OFFICE OF
Jimmy Harris
Madison County Mayor



100 East Main, Suite 302
Jackson, Tennessee 38301
Phone: 731-423-6020
Fax: 731-988-3820

August 30, 2016

Ms. Melanie Hill, Executive Director
Tennessee Health Services & Development Agency
502 Deadrick Street, 9th Floor
Nashville, Tennessee 37243

Re: Woodridge of West Tennessee

Dear Ms. Hill:

This letter is being written in support of Woodridge of West Tennessee's application for the addition of 16 pediatric and adolescent beds at Oak Hills Behavioral Center. Because there are no inpatient facilities for children and adolescents with mental illnesses in Madison County and the surrounding area, there is a lack of resources available to the children and their families. This lack of resources causes children and adolescents with mental illnesses to have to travel to Memphis or Nashville for treatment causing a hardship for them and their families.

I fully support the application of Woodridge of West Tennessee and ask that you to consider funding this worthwhile project which will bring much needed resources for children and adolescents with mental illnesses to Madison County.

Thank you for your consideration and if I can be of further assistance, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Jimmy Harris". The signature is fluid and cursive, with a large, stylized "J" and "H".

Jimmy Harris, County Mayor
Madison County, Tennessee

JH/rn

HENDERSON COUNTY JUVENILE COURT
170 Justice Center Drive
Lexington, Tennessee 38351
731-968-8057 **731-968-7138**

STEVE BEAL, JUVENILE JUDGE
Jenny Dininger, YSO
Sheila Todd, Deputy Clerk
FAX 731-967-1347

September 27, 2016

Ms. Melanie Hill
Executive Director
Tennessee Health Services
And Development Agency
502 Deadrick Street, 9th Floor
Nashville, Tennessee 37243

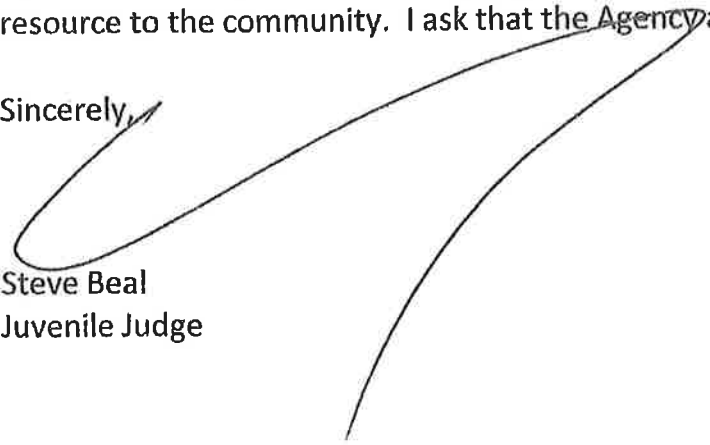
Dear Ms. Hill

This letter is to express my support for Woodridge of West Tennessee's application for the addition of 16 pediatric and adolescent beds at Oak Hills Behavioral Center (Madison Oaks). The lack of resources in this rural area is a great concern. With families having to travel to Memphis or Nashville area for treatment, it is a tremendous hardship for the children and their families.

With no inpatient facilities for children and adolescents with mental illnesses in Jackson or the surrounding area, this project will bring a much needed resource to the community. I ask that the Agency approve this project.

Sincerely,

Steve Beal
Juvenile Judge



Judge Blake Anderson
City of Jackson, Tennessee

August 22, 2016

Ms. Melanie Hill, Executive Director
Tennessee Health Services
and Development Agency
502 Deadrick Street, 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

I am writing to express my support for Woodridge of West Tennessee's application for the addition of 16 pediatric and adolescent beds at Oak Hills Behavioral Center. I see the need for resources to be made available to our children and their families. There are no inpatient treatment facilities for children and adolescents with mental illnesses in Jackson or the surrounding area. Children and adolescents with mental illness have to travel to Memphis or the Nashville area for treatment. This creates a significant hardship for them and their families.

Seeing how the addition of the pediatric and adolescent beds at Oak Hills Behavioral Center will bring a needed resource for the residents to be served in their own community, I ask that the Agency approve this Certificate of Need.

Sincerely,

A handwritten signature in dark ink, appearing to read "Blake Anderson", with a long horizontal flourish extending to the right.

Judge Blake Anderson
City of Jackson, Tennessee

Supplemental #2 -COPY-

Woodridge of West TN

CN1610-037

1. Section 6B.(1) Plot Plan

The plot plan is noted. What is the size in acres?
The property is 8.67 acres.

2. Section B, Need, Item 1.a. (Psychiatric Inpatient Services-Service Specific Criteria-)

It is noted the applicant addressed the revised Psychiatric Inpatient Services Standards and Criteria that were recently approved. **However, please address the following and provide a response under each question.**

1. Determination of Need

Please complete the following table to determine psychiatric bed need (1).
The Department of Health's population projections do not break down the age ranges into child and adolescent categories.

	Population 2020	Gross Need Pop. X (30 beds/100,000)	Current licensed beds	Net Need
<i>Proposed Service Area</i>	<i>126,537</i>	<i>38</i>	<i>0</i>	<i>38</i>

2. Additional Factors

- a. The willingness of the applicant to accept emergency involuntary and non-emergency indefinite admissions;

The applicant will accept emergency involuntary and non-emergency indefinite admissions.

- b. The extent to which the applicant serves or proposes to serve the TennCare population and the indigent population;

The applicant will serve the TennCare population and the indigent population. The applicant does not anticipate significant amounts of charity or indigent care for the project because the project will serve pediatric patients, the vast majority of whom are insured either by TennCare or commercial insurance. The applicant is committed to serving all children who need care.

- c. The number of beds designated as "specialty" beds (including units established to treat patients with specific diagnoses);

The applicant will not have specialty beds, beyond the fact that the unit will only treat child and adolescent patients.

- d. The ability of the applicant to provide a continuum of care such as outpatient, intensive outpatient treatment (IOP), partial hospitalization, or refer to providers that do;

The applicant works closely with existing community resources, including Jackson-Madison County General Hospital, Pathways (the community mental health center), and primary care physicians. The community does not current have intensive outpatient treatment or partial hospitalization, but the applicant anticipates that that

resource will be available in the near future. In addition, the applicant's parent company has a residential treatment center on the same campus, which can provide continuity of care for patients.

- e. Psychiatric units for patients with intellectual disabilities;

The applicant will serve patients with intellectual disabilities. Patients with an IQ under 70 will be evaluated on a case-by-case basis to ensure that the applicant can provide appropriate care for the patient. The applicant will not accept patients for whom it cannot provide optimal care.

- f. Free standing psychiatric facility transfer agreements with medical inpatient facilities;
The applicant has a transfer agreement with Jackson-Madison County General Hospital, which is located less than two miles from the applicant's facility.

- g. The willingness of the provider to provide inpatient psychiatric services to all populations (including those requiring hospitalization on an involuntary basis, individuals with co-occurring substance use disorders, and patients with comorbid medical conditions); and

The applicant will treat patients with co-occurring chemical dependency, as long as the primary diagnosis is psychiatric. The applicant will treat patients with medical co-morbidities if appropriate. The applicant will not treat patients for whom it cannot provide optimal care. For patients with medical co-morbidities who cannot be appropriately treated at the applicant's facility, the applicant will work closely with Jackson-Madison County General Hospital to ensure that the applicant receives appropriate care.

- h. The applicant shall detail how the treatment program and staffing patterns align with the treatment needs of the patients in accordance with the expected length of stay of the patient population.

The applicant's treatment programs and staffing patterns are based on national best practices and guidance from the applicant's medical directors. Average length of stay for pediatric psychiatric patients is approximately 5 days, during which time, the acute crisis has been stabilized. Generally, after such time, a different setting and type of treatment is more appropriate. The unit will be under the medical direction of a psychiatrist. The facility will have licensed, master-level therapists, registered nursing staff, patient care technicians, and a wide variety of support personnel. The unit will have PRN staffing available in the event that a physician determines that a patient needs one-to-one staffing. The applicant has experience in providing acute services and is confident in its ability to align staffing and treatment needs in the most efficient and effective manner.

- i. Special consideration shall be given to an inpatient provider that has been specially contracted by the TDMHSAS to provide services to uninsured patients in a region that would have previously been served by a state operated mental health hospital that has closed.

The state mental health hospitals do not serve pediatric patients, so this project will not serve patients who otherwise might have been treated by a state mental health hospital. The applicant will work closely with the TDMHSAS and the Department of Children's Services to ensure that all children who need care receive it. The related

residential treatment center contracts with state agencies to care for children in need.

- j. Special consideration shall be given to a service area that does not have a crisis stabilization unit available as an alternative to inpatient psychiatric care.
The service area does not have a pediatric crisis stabilization unit.

4. Planning Horizon

Please address the planning Horizon criterion by using 2016 and 2020 population statistics.

The projected pediatric population of the service area in 2016 is 113,107, which shows a need for 33.9 beds under the guidelines. The projected pediatric population of the service area in 2020 is 126,537, which shows a need for 38 beds under the guidelines. (Note: the demographic data is broken down in categories that include through age 19. There is no way to isolate the data for 17 year olds.)

7. Patient Age Categorization

Applicants shall specify how patient care will be specialized in order to appropriately care for the chosen patient category.

The applicant will serve children and adolescents. The applicant anticipates that the youngest children will be around 5 years old, but, in rare instances, there could be child patients under age 5. Staff and physicians will have appropriate backgrounds and training in pediatric psychiatric care. Training will include development phases and milestones and age appropriate behaviors and care. Treatment programs will be based on national best practices as well as the parent company's experience in providing pediatric inpatient care in other states.

8. Relationship to Existing Applicable Plans

The impact of the proposal on similar services in the community supported by state appropriations shall be assessed and considered; the applicant's proposal as to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, shall also be assessed and considered.

There are no similar services in the service area. The applicant will accept both voluntary and involuntary admission. The project will only provide acute care. The applicant will work with patients in need of longer term care to find the most appropriate setting for that patient. The project will not affect any state mental health hospitals because the state mental health hospitals do not treat pediatric patients. The applicant works closely with the Department of Children's Services to take patients who are in state custody. The applicant will participate in TennCare and anticipates that a high percentage of patients will be TennCare patients.

11. Licensure and Quality Considerations

Any existing applicant for this CON service category shall be in compliance with the appropriate rules of the TDH and/or the TDMHSAS. The applicant shall also demonstrate its accreditation status with the Joint Commission, the Commission on

Accreditation of Rehabilitation Facilities (CARF), or other applicable accrediting agency. Such compliance shall provide assurances that applicants are making appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems, and children who need quiet space). Applicants shall also make appropriate accommodations so that patients are separated by gender in regards to sleeping as well as bathing arrangements. Additionally, the applicant shall indicate how it would provide culturally competent services in the service area (e.g., for veterans, the Hispanic population, and LGBT population).

The facility is licensed by the Department of Mental Health and Substance Abuse Services and accredited by the Joint Commission. Children will be appropriately segregated by gender for both sleeping and bathing. Additionally, children will only room with other children who are close in age, within 3 years. The applicant does not use physical restraints for children but has appropriate management techniques including quiet spaces. The parent organization is attuned to the need for culturally competent staff and has a training program in place that addresses culturally competent care. This training will be included in the training for staff at this unit. The organization is also sensitive to the cultural mix of staffing patterns and tries to ensure a variety of race, gender, and beliefs in an attempt mirror the communities in which it provides services. The applicant follows national best practices for providing culturally competent care, including for minority and LGBT patients.

15. Adequate Staffing

An applicant shall document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. Each applicant shall outline planned staffing patterns including the number and type of physicians. Additionally, the applicant shall address what kinds of shifts are intended to be utilized (e.g., 8 hour, 12 hour, or Baylor plan). Each unit is required to be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times. This staffing level is the minimum necessary to provide safe care. The applicant shall state how the proposed staffing plan will lead to quality care of the patient population served by the project.

The applicant shall have a robust training and recruitment plan. The parent company has an established orientation and mentoring/shadowing program in place. This plan helps to ensure the best care delivery is provided to the patients, and it also helps with retention. The organization will be Joint Commission accredited and will continue to adhere to all competency based training as outlined in the standards of elements performance. Competency training will be confirmed via, training with post-test performance, direct observation of the skill by a supervisor, or return demonstration of the skill. The location of the site provides a large staffing pool from which to recruit and hire. Jackson has six local colleges and universities, including: Jackson State Community College, Lambuth University, Lane College, Tennessee Technology Center – Jackson, Union University, and West Tennessee Business College. The hiring process for the organization is in-depth and includes a wide variety of background checks, including, but not limited to, an internal check, child

October 31, 2016**10:57 am**

protective services check, adult protective services check, police background check, and in some cases fingerprint checks. These checks are in place in an effort to ensure that the most thorough research is completed so that only quality staff are hired. The organization is also a drug free workplace and tests its employees randomly.

Due to the small number of beds in the unit, the unit would only have the need for two physicians: a psychiatrist, and a general internist. The applicant would not be opposed to the use of physician extenders should the provider utilize this service delivery plan, and of course there would be back up coverage for each physician. The applicant is well-versed in the assessment of staffing needs. The registered nurses would work 12-hour shifts and the patient care technicians would work 8-hour shifts. The staffing plan would be a minimum of one registered nurse and a minimum ratio of 1:5 patient care technicians. The applicant would give consideration to the following: age, gender, acuity of the assessed patient needs, possible size, as well as diagnosis. Should the needs of the unit require additional staff the registered nurse would be in close communication with the Director and staffing patterns would be adjusted as needed.

3. Section B, Need Item 4.A

The population tables of the proposed project are noted. The applicant's population tables will need to reflect CY 2016 and PY 2020 as prescribed in the most recent Psychiatric Inpatient Services-Service Specific Criteria. Please verify the population tables are current year (CY) 2016 and Projected Year (PY) 2020. If not, please revise the population tables on pages 17-19 and provide replacement pages.

Revised pages 17-19, reflecting current year 2016 and projected year 2020, rather than projected year 2018, are attached.

4. Section C, Need, Item 6

It is noted the following tables for Year One and Year Two were completed. However, the tables below do not match the Projected Utilization of County residents in Year One and Year Two for Section Need Item 3 on page 7 of the supplemental response. Please clarify.

Please see the following revised County Origin Chart (Section Need Item 3 on page 7 of the first supplemental response). The applicant inadvertently included projected utilization from counties outside the service area in the response to the first supplemental questions. That information should not have been included because those potential patients are not included in the applicant's financial projections.

Service Area Counties	Projected Utilization-Patient Days
Madison	649
Benton	79
Carroll	155
Chester	101
Crockett	93
Dyer	241
Gibson	321

Hardeman	137
Hardin	137
Haywood	111
Henderson	179
Henry	177
Lake	31
McNairy	153
Obion	174
Weakley	182
Total	2920

5. Section C. Economic Feasibility Item 2 Funding

The funding letter from REP Perimeter Holdings, LLC verifying the applicant has sufficient cash of \$1,335,250 to fund the project is noted. However, please provide the most recent audited financial documentation of REP Perimeter Holdings, LLC.

REP Perimeter Holdings, LLC, is a new entity and does not have audited financial statements yet. The current income statement for REP Perimeter Holdings, LLC, is attached.

6. Section C. Economic Feasibility Item 3 and 4 (Historical and Projected Data Chart)

Revised pages 28-29 could not be found. Please provide.

The applicant inadvertently omitted the revised pages from the previous supplemental response. The revised pages 28-29 are attached.

7. Section C, Economic Feasibility, Item 5.A. and 5.C.

The table identifying the project's average gross charge, average deduction from operating revenue, and average net charge is noted. However, deduction from revenue and average net charge for Year One and Year Two appears to be incorrectly calculated. Please use the total amount (including outpatient) in your calculations. If needed, please revise.

If necessary, please revise the table on page 10 of the supplemental response that compares the applicant's charges to Compass in Year One.

The revised table is below.

	Compass Year One	Applicant Year One
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)	\$1,824	\$1,000
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)	\$1,183	\$485
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)	\$641	\$515

October 31, 2016**10:57 am****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Woodridge of West Tennessee, LLC

I, Cecelia Hunt, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Cecelia Hunt VP Operations
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31st day of October, 2016,
witness my hand at office in the County of Davidson, State of Tennessee.

Cledia Ann Eby
NOTARY PUBLIC

My commission expires July 3, 2017.

HF-0043

Revised 7/02



Income Statement for REP Perimeter Holdings

October 31, 2016

10:57 am

REP Perimeter Holdings Consolidated
SUMMARY OPERATING INDICATORS
September 2016

CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
UTILIZATION INDICATORS					
290	285	5	289	285	4
84.1%	85.6%	-1.5%	83.1%	85.0%	-1.9%
7,318	7,320	(2)	65,722	66,381	(659)
243.9	244.0	(0.1)	239.9	242.3	(2.4)
107	137	(30)	832	1,108	(276)
64.2	53.5	10.7	79.4	59.9	19.5
82	137	(55)	804	1,108	(304)
5,266	7,320	(2,054)	63,838	66,381	(2,543)
SUMMARY OF PROFIT & LOSS					
2,756,326	2,758,590	(2,264)	25,147,954	24,415,291	732,663
2,281,752	2,296,439	(14,687)	21,214,726	20,927,151	287,575
474,574	462,151	12,423	3,933,228	3,488,139	445,089
376,974	360,621	16,353	3,045,778	2,596,142	449,636
284,586	350,307	(65,721)	2,723,373	2,492,366	231,007
PATIENT DAY STATISTICS					
\$377	\$377	(\$0)	\$383	\$368	\$15
\$312	\$314	(\$2)	\$323	\$315	\$8
\$65	\$63	\$2	\$60	\$53	\$7
\$39	\$48	(\$9)	\$41	\$38	\$4
PROFITABILITY RATIOS					
17.2%	16.8%	0.4%	15.6%	14.3%	1.3%
10.3%	12.7%	-2.4%	10.8%	10.2%	0.6%
CREDIT AND COLLECTIONS					
35.6	40.0	(4.4)			
2,452,153	2,778,951	(326,798)	24,099,226	24,677,729	(578,503)
88.2%			97.7%		
1.0%	0.5%	0.6%	0.1%	0.4%	-0.3%
LABOR COST MANAGEMENT					
502.6	460.9	41.7	467.5	460.4	7.1
450.7	427.1	23.6	422.0	426.5	(4.5)
2.06	1.89	0.17	1.95	1.90	0.05
1.85	1.75	0.10	1.76	1.76	(0.00)
\$16.64	\$17.59	(\$0.95)	\$16.93	\$17.06	(\$0.13)
4.8%	3.5%	1.3%	6.2%	3.5%	2.7%
53.0%	49.8%	3.1%	49.9%	51.1%	-1.2%
INCLUDES T&C					
502.6	491.3	11.3	493.5	490.8	2.7
450.7	455.2	(4.5)	445.9	454.6	(8.7)
2.06	2.01	0.05	2.06	2.03	0.03
1.85	1.87	(0.02)	1.86	1.88	(0.02)
\$17.48	\$17.36	\$0.12	\$16.79	\$16.83	(\$0.04)
5.5%	3.5%	2.0%	6.4%	3.5%	2.9%
53.7%	54.8%	-1.1%	52.3%	53.8%	-1.5%

October 31, 2016

10:57 am

REP Perimeter Holdings Consolidated
SUMMARY OPERATING INDICATORS
September 2016

CURRENT MONTH			YEAR-TO-DATE		
ACTUAL	PRIOR YEAR	VARIANCE	ACTUAL	PRIOR YEAR	VARIANCE
UTILIZATION INDICATORS					
290	285	5	289	262	26
84.1%	81.5%	2.6%	83.1%	93.8%	-10.7%
7,318	6,972	346	65,722	60,070	5,652
243.9	232.4	11.5	239.9	220.0	19.8
107	102	5	832	547	285
64.2	66.6	(2.4)	770	646	123.2
82	92	(10)	804	519	285
5,266	6,131	(865)	63,838	57,607	6,231
SUMMARY OF PROFIT & LOSS					
2,756,326	2,356,340	399,986	25,147,954	18,526,321	6,621,633
2,281,752	2,513,300	(231,548)	21,214,726	18,490,367	2,724,359
474,574	(156,960)	631,534	3,933,228	35,954	3,897,274
376,974	(252,701)	629,675	3,045,778	(756,758)	3,802,536
284,586	(271,326)	555,912	2,723,373	(926,963)	3,650,336
PATIENT DAY STATISTICS					
\$377	\$338	\$39	\$383	\$308	\$74
\$312	\$360	(\$49)	\$323	\$308	\$15
\$65	(\$23)	\$87	\$60	\$1	\$59
\$39	(\$39)	\$78	\$41	(\$15)	\$57
PROFITABILITY RATIOS					
17.2%	-6.7%	23.9%	15.6%	0.2%	15.4%
10.3%	-11.5%	21.8%	10.8%	-5.0%	15.8%
CREDIT AND COLLECTIONS					
35.6	30.6	4.9			
2,452,153	1,729,774	722,379	20,315,999	18,035,413	2,280,586
141.8%			112.6%		
1.0%	-0.1%	1.1%	0.1%	0.4%	-0.3%
LABOR COST MANAGEMENT					
502.6	444.6	58.0	467.5	403.9	63.5
450.7	400.7	50.0	422.0	366.3	55.7
2.06	1.91	0.15	1.95	1.84	0.11
1.85	1.72	0.12	1.76	1.66	0.09
\$16.64	\$15.28	\$1.35	\$16.93	\$16.64	\$0.29
4.8%	6.6%	-1.8%	6.2%	6.9%	-0.7%
53.0%	56.4%	-3.4%	49.9%	57.8%	-7.9%
INCLUDES T&C					
502.6	469.5	33.1	493.5	431.3	62.2
450.7	423.8	26.9	445.9	391.6	54.2
2.06	2.02	0.04	2.06	1.96	0.10
1.85	1.82	0.02	1.86	1.78	0.08
\$17.48	\$14.95	\$2.52	\$16.79	\$16.38	\$0.42
5.5%	6.8%	-1.3%	6.4%	6.9%	-0.4%
53.7%	56.4%	-2.6%	52.3%	518.0%	-465.7%

Supplemental #3 -COPY-

Woodridge of West TN,
LLC

CN1610-037

Section B, Need, Item I.a. (Psychiatric Inpatient Services-Service Specific Criteria-)

It is noted the applicant addressed the revised Psychiatric Inpatient Services Standards and Criteria that were recently approved. However, please address the following and provide a response under each question.

1. Determination of Need

Please complete the following table to determine psychiatric bed need (1). Please refer to Department of Health excel population tables for 0-12 and 0-17 to complete the following.

	Population 2020		Gross Need Pop. X (30 beds/100,000)		Current licensed beds		Net Need	
	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17	Child 0-12	Adolescent 13-17
Proposed Service Area	77,802	34,284	23.3	10.3	0	0	23.3	10.3

The guideline for inpatient psychiatric beds is 30 beds per 100,000 general population. The applicant proposes serving pediatric patients. There are no pediatric inpatient beds in the proposed service area. The nearest inpatient pediatric psychiatric beds are in Memphis and Nashville. The 2020 projected population of ages 0-12 in the service area is 77,802, which means there is a need for 23.3 beds for that portion of the population. The 2020 projected population of ages 13-17 in the service area is 34,284, which means there is a need for 10.3 beds for that portion of the population. When the need is calculated for the projected 2020 combined total of 112,086, there is a need for a total of 33.6 beds. The 2016 projected population of ages 0-12 is 78,410, which means there is a need for 23.5 beds in the service area for that portion of the population. The 2016 projected population of ages 13-17 is 34,694, which means there is a need for 10.4 beds in the service area for that portion of the population. The total need based on 2016 population projections is 33.9.

4. Planning Horizon

Please address the planning Horizon criterion by using revised projected year 2020 target 0-17 age category population statistics.

The projected pediatric population of the service area in 2016 is 113,104, which shows a need for 33.9 beds under the guidelines. The projected pediatric population of the service area in 2020 is 112,086, which shows a need for 33.6 beds under the guidelines. The applicant is seeking approval for 16 beds.

2. Section B, Need Item 4.A

The revised population tables of the proposed project are noted. However, the current service area population of 510,944 appears to be incorrect. Also, please revise the projected year 2020 target 0-17 age category for the proposed service area counties and total. Please revise and provide replacement pages 17-19.

The revised pages 17-19 are attached.

November 7, 2016**1:43 pm**

What is the proposed service area 0-12 population for CY2016 and PY2020? What is the percentage change in 0-12 population from 2016 to 2020 for the proposed service area?

CY2016	PY2020	Percentage Change
78,410	77,802	-0.1%

What is the proposed service area 13-17 population for CY2016 and PY2020? What is the percentage change in 13-17 population from 2016 to 2020 for the proposed service area?

CY2016	PY2020	Percentage Change
34,694	34,284	-1.2%

3. Section C. Economic Feasibility Item 2 Funding

The unaudited Income Statement for REP Perimeter Holdings, LLC is noted. However, please provide the most recent financial balance sheet for REP Perimeter Holdings, LLC that will verify the applicant has sufficient cash to fund the project.

REP PH II, L.P., is the majority member of REP Perimeter Holdings, LLC, holding over 90% of the membership interests. REP PH II, L.P. is 100% owned by a private equity fund, Ridgemont Equity Management II, L.P. For reference, the ownership information from the first supplemental filing is below.

REP Perimeter Holdings, LLC, will not keep the cash on its books to fund this project, rather funds will be provided as needed by the majority member and Ridgemont Equity Management, II, L.P. Ridgemont Equity Management, II, L.P. is a privately held equity fund and, as such, does not make its financial statements public; however, it is regulated by the Securities and Exchange Commission. The Form ADV filing of Ridgemont Equity Management, II, L.P., showing the assets under management, is attached.¹

1. REP Perimeter Holdings, LLC

REP PH II, L.P.	90.92%
Ridgemont Equity Partners Affiliates II-B, L.P.	0.83%
H. Neil Campbell	5.12%
Campbell Family 2011 Gift Trust Dtd 10/3/11	2.12%
Mike White	0.52%
Rod Laughlin	0.40%
Bill Mohon	0.10%

2. REP WR Holdings, LLC – 100% owned by REP Perimeter Holdings, LLC
3. Woodridge Behavioral Care, LLC – 100% owned by REP WR Holdings, LLC
4. Woodridge of Tennessee, LLC – 100% owned by Woodridge Behavioral Care, LLC
5. Woodridge of West Tennessee, LLC – 100% owned by Woodridge of Tennessee, LLC

¹ The Agency will note that the name on the filing is Ridgemont Partners Management, LLC. That entity is the management entity for the fund and handles all administrative matters (payroll, HR, etc.) for the fund, including filings with the SEC. Ridgemont Equity Management II, L.P., is shown on page 19 as the “legal related person.”
{01464948.1 }

November 7, 2016**1:43 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Woodridge of West Tennessee

I, Cecelia Hunt, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Cecelia Hunt VP Operations
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31st day of October, 2016,
witness my hand at office in the County of Davidson, State of Tennessee.

Cledia Ann Eby
NOTARY PUBLIC

My commission expires July 3, 2017.

HF-0043

Revised 7/02



Supplemental #4 -COPY-

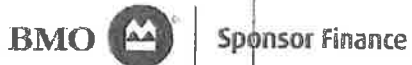
Woodridge of West TN

CN1610-037

November 18, 2016**3:49 pm****1. Section C. Economic Feasibility Item 2 Funding**

The unaudited Balance Sheet for Ridgemont Equity Partners, II, L.P. is noted. Since audited financial statements are not available from the applicant, please provide a letter from a financial institution or certified public accountant attesting to the applicant's availability of \$1,320,250 cash to fund the proposed project.

A letter from Ridgemont's auditor is not available. To make matters simpler, the project will be funded by Ridgemont's revolving line of credit from Bank of Montreal. Documentation from the Bank is attached, along with revised pages 5 and 23 of the application.



November 18, 2016
BMO Sponsor Finance
Corporate Finance
111 West Monroe Street, 20 East
Chicago, IL 60603

To Whom It May Concern –

REP Perimeter Holdings, LLC (the "Company"), the parent entity of OakHills Behavioral Center, is currently in compliance with all covenants within its senior debt credit facility. The Company has adequate capacity under its revolving credit facility to fund the \$1,320,250 expansion pertaining to the Certificate of Need Application CN1610-037.

Sincerely,

Joshua Gracia

A handwritten signature in dark ink, appearing to read "Joshua Gracia", written over a horizontal line.

November 18, 2016**3:49 pm****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Woodridge of West Tennessee

I, Cecelia Hunt, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Cecelia Hunt VP Operations
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 18th day of November 20, 2016, witness my hand at office in the County of Davidson, State of Tennessee.

Cledia Ann Eby
NOTARY PUBLIC

My commission expires July 3, 2017.

HF-0043

Revised 7/02



**Additional
Information
-COPY-**

Woodridge of West TN

CN1610-037

Sarah L. Tally
(615) 238-6332 Phone
(615) 687-8332 Fax
stally@bonelaw.com

November 29, 2016

Phillip M. Earhart
Health Services and Development Agency
Andrew Jackson Building, Ninth Floor
502 Deaderick Street
Nashville, TN 37243

Re: Certificate of Need Application CN1610-037
Woodridge of West Tennessee, LLC

Dear Mr. Earhart:

Enclosed is the revised financing confirmation letter from Bank of Montreal. We appreciate your work on this application. Please do not hesitate to contact me if you have any additional questions or concerns.

Sincerely,

Bone McAllester Norton PLLC



Sarah L. Tally

SLT:

Enclosures

BMO



Sponsor Finance

BMO Sponsor Finance
Corporate Finance
111 West Monroe Street, 20 East
Chicago, IL 60603

To Whom It May Concern –

REP Perimeter Holdings, LLC (the "Company"), the parent entity of OakHills Behavioral Center, is currently in compliance with all covenants within its senior debt credit facility. The Company has adequate capacity under its revolving credit facility to fund the \$1,320,250 expansion pertaining to the Certificate of Need Application CN1610-037. The current interest rate on the revolving credit facility is LIBOR + 5.25% and the facility matures on September 2, 2021. Borrowings on the revolving credit facility require pro forma covenant compliance such that the Company's total leverage ratio is less than 4.50x and fixed charge coverage ratio is greater than 1.10x. For the avoidance of doubt, the Company would be in covenant compliance if it were to borrow the required funds to finance the expansion and has adequate debt capacity to do so.

Sincerely,

Joshua Gracia

Assistant Vice President

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF MadisonNAME OF FACILITY: Woodridge of West Tennessee

I, Cecelia Hunt, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Cecelia Hunt
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28 day of November, 2016, witness my hand at office in the County of Madison, State of Tennessee.

Valerie Kibler
NOTARY PUBLIC

My commission expires June 28, 2020.



**State of Tennessee
Health Services and Development Agency**

Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Jackson Sun which is a newspaper
of general circulation in Madison, Tennessee, on or before October 10, 2016
(County) (Month / day) (Year)
for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Woodridge of West Tennessee, LLC mental health hospital
(Name of Applicant) (Facility Type-Existing)
owned by: Woodridge Behavioral Care, LLC with an ownership type of limited liability company
and to be managed by: itself intends to file an application for a Certificate of Need
for [PROJECT DESCRIPTION BEGINS HERE]: the addition of 16 beds to serve pediatric patients. The project's
address is 49 Old Hickory Blvd., Jackson, TN 38305. The project will occupy 8,818 square feet of
renovated space, which is currently unused. The estimated project cost is \$1,335,250.

The anticipated date of filing the application is: October 15, 2016
The contact person for this project is Cecelia Hunt Executive Vice President of Operations
(Contact Name) (Title)
who may be reached at: Woodridge Behavioral Care, LLC 162 Cude Lane
(Company Name) (Address)
Madison TN 37115 615 860-9228
(City) (State) (Zip Code) (Area Code / Phone Number)
Cecelia Hunt 10/10/2016 ceceliah@woodridgecare.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth** day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care Institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
 - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. **Administrative History:** Original rule filed August 31, 2005; effective November 14, 2005.

CERTIFICATE OF NEED REVIEW REPORT
Woodridge of West Tennessee, LLC
CN1610-037

Woodridge Behavioral Care
162 Cude Lane
Madison, TN 37115

January 31, 2017

The Tennessee Department of Mental Health and Substance Abuse Services (TDMHSAS) has reviewed the application for a Certificate of Need (CON) submitted by Woodridge Behavioral Care to add 16 inpatient psychiatric beds for children and adolescents at the Oak Hills Behavioral Center in Jackson, TN. The Department's analysis consists of the following three parts:

- Scope of Project
- Analysis of Need, Economic Feasibility, Quality Standards and Contribution to the Orderly Development of Health Care
- Conclusions

SCOPE OF PROJECT

Woodridge of West Tennessee, LLC (WWT) has applied for a Certificate of Need to expand its existing mental health hospital in Jackson TN to add 16 beds to provide psychiatric services to children and adolescents (i.e. a pediatric unit). The target population would be children of both genders ages 5-17, with capability for the rare admission of a child younger than 5. The proposed pediatric unit would accept youth with a dual diagnosis of mental illness and substance use disorder but would not provide medical detoxification services or admit patients with a primary diagnosis of chemical dependency. Intellectually disabled youth would be assessed upon referral on a case-by-case basis to insure that the appropriate services could be provided by the proposed pediatric unit. The unit will accept emergency involuntary admissions and non-emergency indefinite admissions.

The current hospital is comprised of Madison Oaks Academy which has 73 licensed beds for residential treatment of children and adolescents with behavioral disorders, and Oak Hills, which has 16 licensed inpatient psychiatric beds for geriatric patients. Both programs are situated in the same building. This facility sits on 8.67 acres of land at 49 Old Hickory Boulevard East in Jackson, TN. WWT proposes to renovate approximately 8,800 square feet of unused space in the same building for the pediatric unit. The unit will serve 16 counties: Benton, Carroll, Chester, Dyer, Gibson, Hardeman, Hardin, Haywood, Lake, Madison, McNairy, Obion and Weakly. Currently, the nearest child and adolescent inpatient psychiatry beds to these counties are in Shelby and Davidson Counties.

The estimated project cost is \$1,335,250:

- \$83,000 Architectural and Engineering Fees
- \$35,000 Legal, Administrative & Consulting Fees
- \$1,102,250 Total Construction (Remodeling) Costs
- \$100,000 Contingency Fund
- \$15,000 CON filing fee

WWT's parent company, Ridgemont Equity Partners, II, L.P. will fund the project with cash reserves from a revolving line of credit with the Bank of Montreal (Chicago, IL). If the CON was to be approved in February 2017, construction would be projected to be complete in September 2017 and the project licensed in October of 2017.

ANALYSIS

A. NEED

The proposed service area includes 16 counties: Benton, Carroll, Chester, Dyer, Gibson, Hardeman, Hardin, Haywood, Lake, Madison, McNairy, Obion and Weakly, all within 90 miles of the hospital in Jackson. The applicant notes that there are no acute pediatric inpatient psychiatric beds serving rural West Tennessee outside of Shelby or Davidson counties. The applicant correctly notes the increased importance of family participation in the treatment of children and adolescents requiring psychiatric hospitalization and the burden of travel that families in the proposed service area currently bear when children and adolescents are hospitalized in Shelby or Davidson counties.

The applicant provides population estimates for each of the counties in the proposed service area, including 2016 estimates and projected 2020 estimates from the University of Tennessee's Center for Business and Economic Research (CBER). The total for the proposed service area is 510,944 in 2016 and estimated at 518,468 (+1.5%) in 2020. The total child and adolescent population for the area is estimated to be 113,107, projecting an estimated need of 34 beds (at 30 beds per 100,000 children and adolescents), well above the proposed 16 beds of this project.

B. ECONOMIC FEASIBILITY

Ownership and Management

Woodridge of West Tennessee, Limited Liability Corporation (LLC) is one of ten LLCs owned by the parent company; Ridgemont Equity Partners Perimeter Holdings, LLC. Ridgemont Equity Partners II, L.P., a privately held equity fund, is the majority (90.92%) member of Ridgemont Equity Partners Perimeter Holdings, LLC and will provide funding for the project through a revolving line of credit with the Bank of Montreal (Chicago, IL) (see SUPPLEMENTAL #4, p. 2 and attachments). The proposed pediatric psychiatry unit will have a designated Director and be managed by Woodridge West Tennessee, LLC.

Expected Costs and Alternatives; Revenue and Expense Information

WWT proposes to renovate approximately 8,800 square feet of unused space in a building that was once the Regional Hospital of Jackson, an acute care medical facility formerly licensed by the Department of Health. WWT currently operates the Madison Oaks Academy in that facility which has 73 licensed beds for residential treatment of children and adolescents with behavioral disorders on the third floor of the facility, and Oak Hills, a 16-bed inpatient psychiatric unit for geriatric patients, on one of four wings of the first floor. The proposed pediatric psychiatry unit would be located on another wing of the first floor, remodeled for this specific project.

As noted above, the estimated project cost is \$1,335,250:

- \$83,000 Architectural and Engineering Fees
- \$35,000 Legal, Administrative & Consulting Fees
- \$1,102,250 Total Construction (Remodeling) Costs
- \$100,000 Contingency Fund
- \$15,000 CON filing fee

WWT's parent company, Ridgemont Equity Partners, II, L.P. will fund the project with cash reserves from a revolving line of credit with the Bank of Montreal (Chicago, IL). The applicant includes correspondence from the Bank (Supplemental #4, attachment) confirming that the necessary funds are available. If the CON was to be approved in February 2017, construction is projected to be complete in September 2017 and the project licensed in October of 2017.

Projections

- The applicant projects net operating revenue of \$4,197,103 in Year One based on 6,444 patient days and \$5,910,181 in Year Two based on 8,760 patient days. These are based on conservative occupancy rates of 50% in year one and 75% in year two. The applicant did not provide estimates for charity care based on the rationale that all or almost all children and adolescents would qualify for TennCare if they did not have commercial insurance through their families.
- The project will require just over \$1.3 million in capital expenditures during the first year, so that after deducting operating costs, depreciation and capital expenditures, the applicant projects a net loss of \$320,504 in Year One and a net gain of \$1,168,377 in Year Two.
- The project is economically sustainable based on these projected occupancy, revenue and expenditure rates.

Alternatives to new construction

As noted above, the proposed new psychiatric unit will be a remodel of existing space and no new construction is proposed. The submitted floor plan is generally adequate for the size and scope of the proposed pediatric psychiatry unit. There may be some challenges in managing the flow of patients with two group rooms which will need to be used for dining as well as group and recreational areas. A room would be unavailable, for instance, for some period of time before

and after dining which could impact the separation of very young patients from older patients. The staffing pattern also indicates there will be some availability of a tutor (0.5 FTE) and it is not clear where the tutor would be able to work with students, but these practical issues could reasonably be worked out in program planning.

Documents submitted in support of the application for a Certificate of Need indicate that the proposed project is economically feasible.

C. CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Staffing

Projected staffing for year 1 of the proposed pediatric unit includes 23.6 FTEs for direct patient care and 4.5 non-patient care positions. Clinical staff will include two physicians (one psychiatrist and one general internist), licensed masters-level therapists, registered nursing staff, patient care technicians and support personnel. The applicant indicates they have had success in staffing their geriatric unit and residential treatment center for children and adolescents, particularly through positive relationships maintained with local colleges. The planned staffing pattern is adequate for the size and scope of the proposed pediatric psychiatric unit.

The applicant describes an orientation and mentoring/shadowing program (Supplemental #2, item 15) associated with the Oak Hills (geriatric inpatient) and Madison Oaks Academy (adolescent residential treatment center) services currently operating at the proposed site of the pediatric psychiatry unit. This supports recruitment, training and retention of staff. The applicant identifies six local community colleges and universities as a source of job candidates.

Effect on Existing Providers and Resources

The applicant notes that there are no inpatient psychiatric beds for children and adolescents in the proposed service area. There are approximately 213 psychiatric beds in the service area, none of which serve children or adolescents. TDMHSAS facilities (including 150 adult beds in this proposed service area) do not have beds dedicated for children or adolescents.

Letters of Support or Opposition

The CON application includes letters of support from the Executive Vice President of West Tennessee Healthcare (a board-certified pediatric physician who is also the Medical Director of the Madison County Child Advocacy Center), the mayor of the City of Jackson, the Honorable Steve Beal, Judge of the Henderson County Juvenile Court, the Madison County mayor, and the Honorable Blake Anderson, Judge of the Jackson City court.

Implementation of State Health Plan

Healthy Lives: improving the health of people in Tennessee The proposed pediatric psychiatry unit would provide a service necessary for a complete continuum of mental health services for children and youth. Inpatient psychiatric services are reserved for situations when the safety of

the patient and/or others cannot be guaranteed in a less restrictive setting and provide an opportunity to plan for ongoing community services to prevent the need for inpatient services in the future.

Access: improving access to health care and the conditions to achieve optimal health The proposed pediatric psychiatry unit to be located in Jackson, TN would significantly improve access to inpatient services for children and adolescents in the rural West Tennessee service area where there currently are no inpatient services for children and adolescents. In addition to providing easier access for children and adolescents in the service area, the location of the proposed pediatric psychiatry unit would improve the opportunity for family participation.

Economic Efficiencies: The proposed pediatric psychiatry unit will be located in an existing facility remodeled for this specific purpose rather than new construction. Additionally, this plan takes advantage of supplemental services currently being provided to the geriatric unit and treatment center operating on site (e.g. housekeeping, maintenance, dietary, business office support, performance improvement activities and human resources- p. 2 Supplemental #1) which can be expanded as needed for the proposed pediatric psychiatry unit.

Quality Standards: The WWT geriatric unit (Oak Hills) currently functioning in the facility of the proposed pediatric psychiatry unit is accredited by the Joint Commission Hospital Accreditation Program and licensed by the Tennessee Department of Mental Health and Substance Abuse Services. The applicant indicates that WWT would seek Joint Commissioner accreditation of the proposed pediatric psychiatry unit (note: the Joint Commission would review both the geriatric unit and the pediatric unit together for potential accreditation as a single “hospital” with two units). Woodridge Behavioral Care, LLC, has a total of 262 licensed beds for children in residential treatment centers, group homes and acute care hospital beds in Arkansas, Missouri and Tennessee.

Workforce: The applicant notes that WWT has successfully recruited staff for the geriatric unit and child and adolescent residential treatment center from the Jackson area, in part by maintaining good relationships with local colleges. Nursing recruitment may in fact be the greatest challenge to developing the proposed pediatric psychiatry unit, but WWT has been successful in the past.

Guiding Questions: 1) the proposed pediatric psychiatry unit creates and improves opportunities for optimal health for children and adolescents in need of inpatient psychiatry services in rural West Tennessee by making services available locally; 2) intervening with inpatient psychiatry services during childhood and adolescence provides an opportunity to move “upstream” in early intervention of psychiatric problems, particularly for treatment of the effects of traumatizing adverse childhood experiences to prevent or reduce more serious problems later in life including high risk behaviors leading to obesity, diabetes and heart disease; 3) the addition of pediatric

inpatient psychiatry services is consistent with the importance of a full continuum of care available in other areas of the state and provides an opportunity to learn and teach about pediatric psychiatry services.

Working Relationships with Existing Health Care Providers

The applicant notes that WWT has an existing transfer agreement with the Jackson-Madison County General Hospital so that medical issues arising for patients of the pediatric unit may be safely addressed. The application indicates that WWT has contractual agreements for health services including pharmacy, lab and x-ray services. The applicant reports having “working relationships” with area community mental health providers, school, juvenile justice and the Department of Children’s Services (p. 34, initial application).

Participation in Training of Students

The applicant reports that WWT works with local educational institutions to provide volunteer opportunities for students (a mentoring/shadowing program) and has been an internship and nursing rotation site. The application indicates that WWT would be open to that opportunity in the future.

CONCLUSIONS

1. The need for (at least) 16 pediatric psychiatry inpatient beds in the proposed service area has been reasonably established. Guidelines for determining the number of inpatient psychiatry beds needed based on the population would project as many as 34 beds. Inpatient psychiatry is one essential service in a full continuum of mental health services and reducing the need for families to travel when a child or adolescent is hospitalized improves the opportunity for multi-system intervention.
2. The proposed project appears to be economically feasible. Proposed staffing meets licensure requirements and proposed salaries are consistent with market rates. Costs for program development and budgeting appear reasonable and documentation supports the availability of needed capital for start-up. The project involves remodeling an existing hospital space rather than new construction. The proposal allows for operating at a loss in the first year with a positive bottom line beginning the second year.
3. The application for a 16-bed pediatric psychiatry unit would contribute to the orderly development of health care in the state of Tennessee. The current proposal would improve access to an opportunity for optimal health care, particularly in the early intervention on the traumatizing effects of adverse childhood experiences which research has linked to poor health outcomes in adulthood. Inpatient psychiatry services are reserved for circumstances in which no less restrictive alternative adequately provides for the safety of the patient or others, and are all the more necessary when so needed.
4. The proposed pediatric psychiatry unit would provide health care that meets appropriate quality standards. The applicant proposes to assure meeting appropriate quality standards by seeking licensure from the TDMHSAS and accreditation by the Joint Commission. The proposed organizational structure, physical plant, staffing and service delivery model are entirely consistent with current standards.

The Tennessee Department of Mental Health and Substance Abuse Services recommends the approval of the application for a Certificate of Need for Woodridge West Tennessee, LLC to remodel an existing hospital space which they own to provide a 16-bed pediatric psychiatry unit.

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